

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999
OR

// TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-25346

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

224 SOUTH 108TH AVENUE
SUITE 7
OMAHA, NEBRASKA 68154
(Address of principal executive offices, including zip code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
CLASS A COMMON STOCK, \$.005 PAR VALUE PER SHARE
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

As of December 17, 1999, there were outstanding 32,623,131 shares of the Company's Class A Common Stock, par value \$.005. As of that date, the aggregate market value of the shares of common stock held by nonaffiliates of the registrant (based on the last sale price of \$26.75 per share for the registrant's common stock as of such date) was \$872,668,754.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III is incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of the Company to be held February 22, 2000, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Registrant's fiscal year.

TRANSACTION SYSTEMS ARCHITECTS, INC.
1999 FORM 10-K
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PART I

ITEM 1. BUSINESS

GENERAL

Transaction Systems Architects, Inc. ("TSA" or the "Company") develops, markets, installs and supports a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. The Company's products are organized into four lines-of-business groups--Consumer Banking, Corporate Banking, Retail Solutions and System Solutions.

- CONSUMER BANKING -- Products in this group represent the Company's largest product line and include it's most mature and well-established applications. These applications include the Company's BASE24, TRANS24, OCM24, Integrated Voice Response (IVR), Smart Card and Internet Banking (I24) product lines. Financial institutions and third-party processors use these products to route and process transactions for Automated Teller Machine (ATM) networks; process transactions from retailers using traditional Point of Sale (POS) devices and the Internet; handle Internet and phone banking transactions; control fraud and money laundering and issue and manage multi-functional applications on smart cards. Products in the Consumer Banking group represent approximately 73% of the Company's fiscal 1999 revenue.
- CORPORATE BANKING -- The Company's Corporate Banking products include it's CO-ach, Money Transfer System (MTS) and MoneyNet products. The CO-ach product is used by financial institutions to automatically deposit paychecks and process other automated clearing house (ACH) transactions. Financial institutions use the MTS and MoneyNet products to automate the process by which institutions transfer high-value payments. Products in the Corporate Banking group represent approximately 8% of the Company's fiscal 1999 revenue.
- RETAIL SOLUTIONS -- Retail Solutions products include BASE24-POS and WINPAY24 which are used by some of the world's largest retailers to route transactions from their ATM and POS networks; process Electronic Benefit Transfer (EBT) transactions, authorize checks, establish frequent shopper programs and control fraud. In addition, Retail Solutions products include E24 which allows retailers to process e-commerce payment transactions. Products in the Retail Solutions group represent approximately 6% of the Company's fiscal 1999 revenue.
- SYSTEM SOLUTIONS -- Products in this group are used by a cross-section of customers in many industries to monitor mission critical systems, establish communication links between high-volume systems and handle intersystem messaging primarily through the use of the Company's ICE, NET24, Enguard and Extractor/Replicator products. Products in the System Solutions group represent approximately 13% of the Company's fiscal 1999 revenue.

Products developed by the four lines-of-business groups are marketed and supported through the Company's wholly-owned subsidiary, ACI Worldwide Inc (ACI). 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 primarily uses its own sales force and supplements this with reseller and/or distributor networks.

At September 30, 1999, the Company's customers include 111 of the 500 largest banks in the world, as measured by asset size, and 22 of the top 100 retailers in the United States as measured by revenue. As of September 30, 1999, the Company had 2,314 customers in 79 countries on six continents. During fiscal years 1999, 1998 and 1997, approximately 53%, 55% and 54%, respectively, of the Company's total revenues resulted from international operations and approximately 66%, 63% and 64% respectively, of its revenues were derived from licensing the BASE24 family of products and providing related services and maintenance.

ACQUISITIONS

The Company completed several acquisitions during fiscal 1999, 1998 and 1997. The Company's acquisition strategy is focused primarily on two areas: (i) additional products and platforms to complement and enhance the Company's strategy of being the leading provider of electronic payments software for banks, retailers and other enterprises needing high-volume, reliable processing engines and (ii) geographic expansion into markets which have proven or have a high level of opportunity to embrace electronic payments.

Acquisitions in fiscal 1999, 1998 and 1997 include the following:

Open System Solutions, Inc.....	October 1996
Regency Voice Systems, Inc.....	May 1997
IntraNet, Inc.....	August 1998
Professional Resources, Inc. (PRI).....	August 1998
Smart Card Integrators Ltd. (SCIL).....	August 1998
Media Integration BV (MINT).....	November 1998
U.S. Processing, Inc. (USPI).....	December 1998
Insession, Inc. (Insession).....	March 1999
SDM International, Inc. (SDM).....	July 1999

The acquisition of MINT reflects the Company's strategic decision to expand its smart card product expertise and product offerings. MINT's products are used to issue and manage multi-functional applications on smart cards. The acquisition of USPI provided the Company with service bureau processing capabilities. Due to on-going capital cost requirements, USPI was subsequently sold to First Data Resources in September of 1999. The acquisition of Insession provided the Company with complete control over the development and distribution of the ICE product. The Company was previously the exclusive distributor of the ICE product under an agreement with Insession that was due to expire in March 2001. Through the acquisition of SDM, the Company added the OCM24 electronic payments software solution that runs on IBM's Parallel Sysplex platform.

THE ELECTRONIC PAYMENTS MARKET

The electronic payments market is comprised of debit and credit card issuers, switch interchanges, transaction acquirers and transaction generators, including ATM networks, retail merchant locations and, increasingly, the Internet. The routing, control and settlement of electronic payments is a complex activity due to the large number of locations and variety of sources from which transactions can be generated, the large number of issuers in the market, high transaction volumes, geographically dispersed networks, differing types of authorization and varied reporting requirements. These activities are typically performed online and must be conducted 24 hours a day, 7 days a week.

Electronic payments software carries transactions from the transaction generators to the acquiring institutions. The software then uses regional or national switches to access the card issuers for approval or denial of the transactions. The software returns messages to the sources, thereby completing the transactions. Electronic payments software may be required to interact with dozens of devices, switch interchanges and communication protocols around the world. The electronic payments market has expanded both domestically and internationally.

PRODUCTS AND RELATED SERVICES

The following table summarizes revenues by product (in thousands):

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Consumer Banking:			
BASE24.....	\$217,575	\$173,507	\$148,172
Smart Card.....	11,620	10,079	5,616
IVR Products.....	10,144	11,535	9,851
TRANS24.....	8,377	14,573	9,699
PRISM.....	3,773	1,255	--
I24.....	1,685	11	--
Other.....	3,256	4,987	1,676
	256,430	215,947	175,014
Corporate Banking:			
MTS.....	20,946	20,958	22,667
MoneyNet.....	4,027	3,478	4,201
CO-ach.....	3,402	5,494	3,795
Other.....	1,686	895	400
	30,061	30,825	31,063
Retail Solutions:			
BASE24.....	11,559	13,853	8,521
WINPAY24.....	4,217	3,617	--
E24.....	225	--	--
Other.....	6,578	5,553	7,955
	22,579	23,023	16,476
System Solutions:			
ICE.....	28,976	18,539	12,061
Other (primarily services).....	16,748	10,915	9,535
	45,724	29,454	21,596
	\$354,794	\$299,249	\$244,149
	=====	=====	=====

The amounts in the above table include products and related services, including maintenance fees.

CONSUMER BANKING AND RETAIL SOLUTIONS SOFTWARE PRODUCTS

The Company's consumer banking and retail solutions software products include the following:

BASE24. BASE24 is an integrated family of products marketed to customers operating electronic payment networks in the consumer banking and retail industries. The modular architecture of the products enables customers to select the application and system components that are required to operate their networks.

The Company believes that BASE24 has a more complete range of features and functions for electronic payments processing than products offered by its competitors. BASE24 allows customers to adapt to changing network needs by supporting over 40 different types of ATM and POS terminals, over 100 interchange interfaces and various authorization and reporting options.

The BASE24 product line runs exclusively on Compaq's NonStop Himalaya servers. The NonStop Himalaya parallel-processing environment offers fault-tolerance, linear expandability and distributed processing. The combination of features offered by BASE24 and NonStop Himalaya are important characteristics in high volume, 24-hour per day electronic payment systems. The Company believes that the NonStop Himalaya platform will continue to be a widely accepted platform for transaction processing in the electronic payments market. There can be no assurance that the NonStop Himalaya servers will continue to be a widely accepted platform for this market.

TRANS24. TRANS24 is a family of products, marketed principally in the banking industry, that runs on a variety of hardware platforms, including IBM mainframes, and RISC/UNIX servers. The TRANS24 electronic payment products support online processing of transactions in ATM or POS environments. These products have traditionally been marketed to smaller institutions, and in certain international markets where Compaq has limited market share. The TRANS24-Card Manager and Settlement Manager products are also marketed to customers with BASE24, as they can be interfaced to BASE24 and represent value-added services necessary to operate an electronic payments solution effectively.

WINPAY24. WINPAY24 is an electronic payment and authorization system that facilitates a broad range of applications for retailers. These applications include debit and credit card processing, ACH processing, electronic benefits transfer, card issuance and management, check authorization, customer loyalty programs and returned check collection. The WINPAY24 products operate on the Windows NT platform.

OCM24. OCM24 is a comprehensive electronic payments solution that runs on the IBM S/390 Parallel Enterprise Server. OCM24 consists of integrated modules that delivers all of the ATM, POS, switching, cardholder management and encryption services needed to operate proprietary or inter-bank electronic payment networks.

PRISM. PRISM is a software product which utilizes neural network technology to combat credit/ debit card fraud, application fraud, merchant fraud and bankruptcy detection. The neural network technology learns to recognize transaction patterns through modeling techniques.

E24. E24 is the Company's e-commerce Internet payment processing solution for retailers, merchant processors and card issuers. E24 provides a secure, scalable, reliable Internet payment processing engine that complements existing mission critical systems. E24 includes a browser-based interface which makes managing Internet oriented transactions easier by integrating with BASE24 and WINPAY24 payment processing systems. E24 uses both Secure Socket Layer (SSL) and Secure Electronic Transaction (SET) security standards.

I24. I24 is a set of on-line banking solutions for financial solutions providers. The I24 family of products provide financial institutions the ability to offer Internet banking solutions to its consumer banking and business banking customers. The I24 products provide financial institutions' consumer banking customers the ability to access account information, view and pay bills, initiate transactions and communicate with the financial institution. In addition, for a financial institutions business banking customers, I24 has Web-based cash management and customer relationship management capabilities.

SMART CARD PRODUCTS. The Company's smart card solutions allow the use of stored-value and chip card authorization applications at smart card-enabled devices. The solutions facilitate authorization of funds transfers from existing accounts to cards. They also leverage chip technology to enhance debit/ credit card authentication and security. The smart card solutions preserve legacy investment by allowing the integration of these emerging technologies into existing electronic delivery environments.

INTERACTIVE VOICE RESPONSE SOFTWARE. The Company markets an interactive voice response (IVR) software product which allows banks to offer their customers answers to routine questions such as balance inquiry, last deposit, maturity dates, transaction history, interest information, payment dates and

amounts via telephone or personal computer inquiry. The IVR software product is targeted at small to mid-sized community banks and runs on personal computers.

CORPORATE BANKING SOFTWARE PRODUCTS

The Company has three primary corporate banking software products: (i) Money Transfer System (MTS), (ii) CO-ach and (iii) MoneyNet. MTS and MoneyNet are systems for generating, authorizing, routing, settling and controlling high-value wire transfer transactions in a secure, fault-tolerant environment. MTS communicates over proprietary networks using a variety of messaging formats, including CHIPS, S.W.I.F.T., Telex, FedWire and Fed Book Entry Securities. MoneyNet is primarily used domestically and is focused on the FedWire market. MTS operates on Digital's VAX VMS operating system and the IBM RS/6000 platform. MoneyNet operates exclusively on Compaq's NonStop Himalaya servers. CO-ach is a system for initiating, controlling, settling and reporting ACH transactions. ACH transactions are electronic payments that replace traditional paper checks. CO-ach is targeted at large ACH originators with high transaction volumes. In addition to large domestic ACH originators, the Company is marketing CO-ach to international markets, where standards similar to those in the U.S. for automated check clearing are emerging. CO-ach operates exclusively on Compaq's NonStop Himalaya servers.

SYSTEM SOLUTIONS PRODUCTS

The Company markets system software which involves a set of software tools that facilitate network monitoring, connectivity, management and integration. The Company distributes and supports its System Network Architecture (SNA) connectivity tool, known as ICE, which facilitates connectivity between Compaq and IBM computers. The Company has also developed NET24, a message-oriented middleware product that acts as the layer of software which manages the interface between application software and computer operating systems and helps customers perform network and legacy systems integration projects and Enguard, which is a proactive monitoring, alarm and dispatching software tool. In addition, the System Solutions products include Extractor/Replicator which is a data center management enhancement software product.

SERVICES

The following table summarizes services revenue (in thousands):

	TWELVE MONTHS ENDED SEPTEMBER 30,		
	1999	1998	1997
Technical Services.....	\$42,832	\$40,423	\$32,981
Project Management.....	26,940	24,359	19,788
Facilities Management.....	7,085	5,906	5,465
	\$76,857	\$70,688	\$58,234
	=====	=====	=====
Percentage of Total Revenues.....	21.7%	23.6%	23.9%
	=====	=====	=====

TECHNICAL SERVICES. The majority of the Company's technical services are provided to customers who have licensed one or more of the Company's software products. Services offered by the Company include programming and programming support, day-to-day systems operations, network operations, help desk staffing, quality assurance testing, problem resolution, system design, and performance planning and review. Technical services are priced on a weekly basis according to the level of technical expertise required and the duration of the project.

PROJECT MANAGEMENT. The Company offers a Project Management and Implementation Plan ("PMIP") which provides customers using the Company's software products with a variety of support

services, including on-site product integration reviews, project planning, training, site preparation, installation, testing and go-live support, and project management throughout the project life cycle. The Company offers additional services, if required, on a fee basis. PMIPs are offered for a fee which varies based on the level and quantity of included support services.

FACILITIES MANAGEMENT. The Company offers facilities management services whereby the Company operates a customer's electronic payments system for multi-year periods. Pricing and payment terms for facilities management services vary on a case-by-case basis giving consideration to the complexity of the facility or system to be managed, the level and quantity of technical services required, and other factors relevant to the facilities management agreement.

CUSTOMER SUPPORT

The Company offers its customers both a general maintenance plan and an extended service option, called the Enhanced Support Program ("ESP"). Maintenance fees, including ESP, were \$63.9 million, \$57.1 million and \$48.7 million, or 18.0%, 19.1% and 20.0% of total revenues, during fiscal years 1999, 1998 and 1997, respectively.

MAINTENANCE. After software installation and project completion, the Company provides maintenance services to customers for a monthly fee ranging from 1.0% to 1.5% of the related software price. Virtually all new customer contracts include a provision for maintenance services. Maintenance services include:

- Twenty-four hour hotline for problem resolution
- Customer account management support
- Vendor-required mandates and updates
- Product documentation
- Hardware operating system compatibility
- User group membership

The Company provides new releases of its products on a periodic basis. New releases of the product which often contain product enhancements, are typically included at no additional fee. The Company's agreements with its customers permit the Company to charge for substantial product enhancements which are not provided as part of the maintenance agreement. The Company determines on a case-by-case basis for which of these enhancements it will charge an additional fee.

The Company organizes user groups, generally around geographic regions and product lines. The groups help the Company determine its product strategy, development plans and aspects of customer support.

ENHANCED SUPPORT PROGRAM. Each ESP customer is assigned an experienced technician to work with its system. The technicians perform functions such as:

- Install and test software fixes
- Retrofit customer specific software modifications ("RPQs") into new software releases
- Answer questions and resolve problems related to RPQ code
- Maintain a detailed RPQ history
- Monitor customer problems on HELP24 hotline database on a priority basis
- Supply on-site support, available upon demand

- Perform an annual system review

STRATEGIC RELATIONSHIPS

From time to time, the Company enters into sales, distribution, marketing or strategic alliances with other software and hardware providers. These relationships are typically formed with the objective of providing the Company with additional products to complement and enhance the Company's suite of product offerings. Such relationships include the following:

DIGITAL COURIER TECHNOLOGIES, INC. (DCTI). The Company has a distribution arrangement with DCTI whereby the Company distributes DCTI's e-commerce products in combination with the Company's E24 products to provide a full-range of e-commerce payment processing solutions for retailers.

EDIFY CORPORATION. The Company has an agreement with Edify, a wholly-owned subsidiary of SI Corporation, whereby it is licensed to incorporate Edify's Electronic Banking System (EBS) set of software products into the Company's I24 family of Internet banking solutions. The EBS products extend the I24 product line to include browser-based consumer and business banking, electronic bill payment and bill presentment capabilities.

NESTOR. The Company has a distribution agreement with Nestor which allows the Company to distribute Nestor's PRISM products. The PRISM software products are real time bank-card and credit-card fraud detection products.

GLOBESET. The Company has entered into a distribution agreement with GlobeSet whereby the Company distributes, installs and supports GlobeSet's Internet payment security software products. GlobeSet's products, which support SSL and SET, are combined with the Company's electronic funds transfer systems to provide secure, end-to-end payment processing from consumer to merchant to financial institution.

GOLDENGATE. The Company has a sales agency agreement with GoldenGate, Inc. which allows it to offer Golden Gate's Extractor/Replicator (E/R) product to its customers. The E/R product is a data center management enhancement software product. E/R provides features for data to be extracted and replicated flexibly, efficiently and reliably. A primary use of E/R is to create effective data mart feeds.

CUSTOMERS

The Company's typical electronic payments software, systems solutions, corporate payments and smart card customers are large financial institutions, retailers or third-party processors operating large, geographically-distributed electronic payment networks capable of capturing large volumes of transactions through many types of devices and accessing a variety of switches. At September 30, 1999, the Company's customer base includes 111 of the 500 largest banks in the world as measured by asset size, and 22 of the top 100 retailers in the United States as measured by revenue. The Company's IVR product customers are typically small to midsize banks located primarily in the Americas region and totaled approximately 1,400 at September 30, 1999.

The following table illustrates the distribution of the Company's customers by geographic region and industry segment as of September 30, 1999:

GEOGRAPHIC REGION	FINANCIAL INSTITUTIONS	PROCESSORS/ NETWORKS	RETAILERS	OTHER	TOTAL
Americas.....	1,765	74	59	96	1,994
Europe, Middle East and Africa (EMEA).....	106	34	3	52	195
Asia/Pacific.....	93	15	2	15	125
Total.....	1,964	123	64	163	2,314

SALES AND MARKETING

The Company's primary method of distribution is direct sales by employees assigned to specific regions or specific products. In addition, the Company uses distributors and sales agents to supplement its direct sales force in countries where business practices or customs make it appropriate, or where it is uneconomical to have a direct sales staff. As of September 30, 1999 the Company employed 172 people in direct sales, and had arrangements with 26 distributors and sales agents. The Company generates a majority of its sales leads through existing relationships with vendors, customers and prospects, or through referrals.

The Company's primary sales offices are located in Amsterdam, Bahrain, Boston, Dallas, Johannesburg, London, Melbourne, Mexico City, Naples, Omaha, Oslo, Sao Paulo, Singapore, Wiesbaden, Tokyo and Toronto. The offices are responsible for direct and distributor or sales agent-facilitated sales for designated regions.

The Company distributes the products of other vendors as complements to its existing product lines. The Company is typically responsible for sales and marketing as well as first line support. These agreements are generally for a period of two to three years and involve revenue sharing based on relative responsibilities.

RESEARCH AND DEVELOPMENT

The Company's product development efforts focus on new products and improved versions of existing products. The Company believes that the timely development of new applications and enhancements is essential to maintain its competitive position in the market.

In developing new products, the Company works closely with industry leaders to determine requirements. The Company works with device manufacturers, such as NCR and Diebold, to ensure compatibility with the latest ATM technology. The Company works with interchange vendors, such as VISA and MasterCard, to ensure compliance with new regulations or processing mandates. The Company works with platform vendors, such as Compaq and IBM, to ensure compatibility with new operating system releases and generations of hardware. Customers often provide additional information on requirements and serve as beta-test partners.

The Company's research and development staff consisted of 459 employees as of September 30, 1999. The Company's total research and development expenses, excluding capitalized software development costs were \$34.6 million, \$26.2 million and \$20.1 million during fiscal years 1999, 1998 and 1997, or 9.8%, 8.8% and 8.2% of total revenues, respectively.

BACKLOG

As of September 30, 1999, the Company had non-recurring revenue backlog of \$30.9 million in software license fees and \$34.2 million in services. The Company includes in its non-recurring revenue

backlog all fees specified in executed contracts to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that the contracts included in non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one year period. As of September 30, 1998 and 1997, the Company had non-recurring revenue backlog of \$30.2 million and \$27.7 million, respectively, in software license fees and \$35.6 million and \$19.2 million, respectively, in services.

As of September 30, 1999, the Company had recurring revenue backlog of \$138.7 million. The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in executed contracts to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that contracts included in recurring revenue backlog will actually generate the specified revenues or that the revenues will be generated within the one year period. As of September 30, 1998 and 1997, the Company had \$119.4 million and \$94.5 million, respectively, of recurring revenue backlog.

COMPETITION

The electronic payments market is highly competitive. Competitive factors in the market include breadth of product features, product quality and functionality, marketing and sales resources, customer service and support and price.

The Company's most significant competitors in the Consumer Banking business group are e-funds, S2 Systems, Inc., IFS International and Oasis Technology. In addition, the Company encounters competition from third-party processors and from other vendors offering software on a wide range of product platforms. There is no single significant competitor in the international market. As electronic payments transaction volumes increase and banks face higher processing costs, third-party processors will constitute stronger competition to the Company's efforts to market its solutions to smaller institutions. In the larger institution market, the Company believes that third-party processors will be less competitive since large institutions attempt to differentiate their electronic payments product offerings from their competition.

In the Corporate Banking business group, the company's most significant competitors are Logica and Fundtech. In addition, the Company also experiences competition from software developed internally from potential customers.

The retail solutions business group faces a very fragmented competitive environment. Competitors range from large transaction processors handling retail credit card transactions to smaller, regional software developers.

The most significant competition for the Systems Solutions business group is Compaq Computers, Inc.

PROPRIETARY RIGHTS AND LICENSES

The Company relies on a combination of trade secret and copyright laws, license agreements, nondisclosure and other contractual provisions and technical measures to protect its proprietary rights. The Company distributes its software products under software license agreements that typically grant customers nonexclusive licenses to use the products. Use of the software products is usually restricted to designated computers at specified locations and is subject to terms and conditions prohibiting unauthorized reproduction or transfer of the software products. The Company also seeks to protect the source code of its software as a trade secret and as a copyrighted work.

Despite these precautions, there can be no assurance that misappropriation of the Company's software products and technology will not occur. Although the Company believes that its intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that

third parties will not assert infringement claims against the Company. Further, there can be no assurance that intellectual property protection will be available for the Company's products in certain foreign countries.

EMPLOYEES

As of September 30, 1999, the Company had a total of 2,194 employees of whom 293 were engaged in administration, 395 in sales and marketing, 817 in software development and 689 in customer support. The Company's success is dependent upon its ability to attract and retain qualified employees. None of the Company's employees are subject to a collective bargaining agreement. The Company believes that its relations with its employees are good.

SEGMENT AND GEOGRAPHIC INFORMATION

The Company has a single operating segment, encompassing the development, marketing, installation and technical support of software products and services primarily focused on facilitating electronic payments and electronic commerce. See Note 13 to the Company's Consolidated Financial Statements for information relating to the Company's geographic areas and four lines-of-business groups.

EXECUTIVE OFFICERS OF THE REGISTRANT

The Company's executive officers are as follows:

NAME	AGE	POSITION
William E. Fisher.....	53	Chairman of the Board and Director
David C. Russell.....	51	Chief Executive Officer, President and Director
Gregory J. Duman.....	44	Chief Financial Officer and Treasurer
David P. Stokes.....	43	General Counsel and Secretary
Dwight G. Hanson.....	41	Chief Accounting Officer
Edward H. Mangold.....	54	Senior Vice President -- Americas Region
Mark R. Vipond.....	40	Senior Vice President -- Consumer Banking
Jeffrey S. Hale.....	41	Senior Vice President -- Business Development
Don McLarty.....	52	Vice President -- Asia/Pacific Region
Stephen J. Royer.....	41	Vice President -- System Solutions
Jon D. Parr.....	42	Vice President -- EMEA Region
Stephen M. Bailey.....	43	Vice President -- Corporate Banking
Marlin R. Howley.....	43	Vice President -- Retail Solutions
Anthony J. Parkinson.....	47	Vice President -- Enterprise Solutions Group

Mr. Fisher is Chairman of the Board of TSA. Since joining ACI in 1987, he has served in various capacities, including Vice President of Financial Systems, Senior Vice President of Software and Services, Executive Vice President, Chief Operating Officer, President and Chief Executive Officer. Prior to joining ACI, he held the position of President for the Government Services Division of First Data Resources ("FDR"), an information processing company.

Mr. Russell was appointed President and Chief Executive Officer of TSA in November 1999. He joined ACI in 1989 serving as Vice President of Strategic Planning, later serving as Vice President of Customer Support, Senior Vice President of Software and Services, Senior Vice President of the EFT Product Company, President of ACI and Chief Operating Officer of TSA. From 1984 to 1989, he held various operations and planning positions at FDR.

Mr. Duman joined ACI in 1983 as Director of Administration. He became Controller in 1985 and Vice President of Finance and Chief Financial Officer in 1991. From 1979 to 1983, he worked for Arthur Andersen & Co. as a certified public accountant.

Mr. Stokes was appointed General Counsel in 1991 after joining ACI as Assistant Counsel in 1988. Prior to joining ACI, he was a partner in a private law firm in Omaha.

Mr. Hanson joined ACI in 1991 as Corporate Controller. He was appointed Vice President of Finance in 1997. From 1981 to 1991, Mr. Hanson worked for Coopers & Lybrand as a Certified Public Accountant.

Mr. Mangold joined ACI in 1987 and served in sales management positions prior to his appointment in 1990 as Senior Vice President of the Americas Region. From 1968 to 1987, he held various sales and management positions at Unisys, Inc.

Mr. Vipond joined ACI in 1985, and served in various capacities, including National Sales Manager of ACI Canada and Vice President of the Emerging Technologies and Network Systems Divisions prior to his appointment in 1996 as President of USSI. In 1998, he was named Senior Vice President of Consumer Banking. Prior to joining ACI, he was a Systems Engineer at IBM.

Mr. Hale was appointed Senior Vice President of Business Development in 1998. He joined ACI in 1987 and served in various sales, marketing and strategic planning positions and as Vice President in charge of the ACI Product Company. From 1981 to 1986, Mr. Hale was a manager in the management information consulting division of Arthur Andersen LLP.

Mr. McLarty was named Managing Director of the Asia/Pacific region in 1997. He joined ACI in 1987 serving in various sales and marketing capacities in Canada. From 1990 through 1997 he was an independent development consultant in Canada. Prior to joining ACI, Mr. McLarty held various sales and marketing positions with Tandem Computers, Air Canada, Bank of Montreal and The Bank of Nova Scotia. Mr. McLarty is based in Singapore.

Mr. Royer joined Grapevine in 1988 as Director of Sales and was named President in 1991. He became Vice President of TSA in 1996 and Vice President of System Solutions in 1998. Prior to joining Grapevine, he held sales management positions at Software Alliance, ACI and IBM.

Mr. Parr joined ACI in 1987 and served in various Sales and Sales Management positions including Vice President of U.S. EFT sales. He was appointed to Managing Director ACIL and Vice President EMEA region in August 1998. Prior to joining ACI, Mr. Parr held various Sales and Marketing positions at Borroughs, Docutel and REI. Mr. Parr is based in London.

Mr. Bailey is Vice President of Corporate Banking of TSA and President and Chief Executive Officer of IntraNet, Inc. Since joining ACI in 1994, he served as Managing Director of ACI's Pacific operations in Melbourne, Australia. From 1986 to 1993, he held various sales and management positions at Tandem Computers.

Mr. Howley joined ACI in 1981 and held various positions in software development. From 1984 through 1995 he served in various sales and marketing capacities. In 1995 Mr. Howley became Vice President of Marketing in the Americas Region which he held until he was named Vice President of Retail Solutions in 1998.

Mr. Parkinson was appointed Vice President of the Enterprise Solutions Group in December 1999. He joined ACI in 1984 and has held several positions including Director of Sales and Marketing, Europe and Middle East, and as Vice President of Emerging Technologies and Network Systems. In 1998, he was named Vice President of System Solutions Sales. Prior to Mr. Parkinson joining ACI, he held the position of Vice President, Electronic Commerce Division with Bank of America, in Chicago and San Francisco.

ITEM 2. PROPERTIES

The Company leases office space in Omaha, Nebraska, for its corporate headquarters, principal product development group, and sales and support groups for the Americas. The leases for these facilities expire in fiscal 2002 through 2008, with the principal lease terminating in fiscal 2008.

The Company's EMEA headquarters are located in Watford, England. The leases for these facilities expire in fiscal 2009 and 2011, with the principal lease terminating in fiscal 2009. The Company's Asia/ Pacific headquarters are located in Singapore with other principal offices in Japan and Australia. The Singapore lease terminates in fiscal 2001, the Australia and Japan leases terminate in fiscal 2000. The Company also leases office space in numerous locations in the United States and in many other countries.

The Company believes that its current facilities are adequate for its present and short-term foreseeable needs and that additional suitable space will be available as required. The Company also believes that it will be able to extend leases as they terminate. See Note 9 to the Company's Consolidated Financial Statements for additional information regarding the Company's obligations under its facilities leases.

ITEM 3. LEGAL PROCEEDINGS

On June 14, 1999, HNC Software Inc. filed a complaint against the Company and its wholly-owned subsidiary, ACI Worldwide Inc in the United States District Court for the Southern District of California, San Diego Division. The complaint alleges, among other things, patent infringement, unfair competition, false advertising, and trade libel relating to ACI Worldwide's distribution of PRISM, a fraud detection software product. ACI distributes PRISM pursuant to a license agreement with Nestor, Inc., a company in which TSA is a minority stockholder. The complaint seeks injunctive relief and unspecified damages including treble damages, costs, attorneys' fees and various other forms of relief. On November 25, 1998, Nestor had itself filed a complaint in the United States District Court for the District of Rhode Island against HNC Software alleging, among other things, infringement of a patent relating to PRISM and antitrust violations. HNC Software has filed a counterclaim in the Rhode Island lawsuit alleging infringement by Nestor of HNC Software's patents which claims are essentially the same as those filed by HNC Software against the Company and ACI Worldwide in the San Diego lawsuit. Neither the Company nor ACI Worldwide was a party to the Rhode Island lawsuit. However, because the same patents and the same products are at issue in both lawsuits, the Company and ACI Worldwide are seeking to have the San Diego lawsuit transferred to Rhode Island and consolidated with the proceedings there. Whatever the final procedural posture of the lawsuit, the Company intends to vigorously defend against HNC Software's allegations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded over-the-counter on the Nasdaq National Market ("NASDAQ/NMS") under the symbol "TSAI". The following table sets forth, for the fiscal quarters indicated, the high and low sale prices of the Class A Common Stock as reported by NASDAQ/NMS.

	HIGH -----	LOW -----
1999		

First quarter.....	\$50	\$27 1/2
Second quarter.....	50 1/2	35 3/4
Third quarter.....	39 3/4	30 7/8
Fourth quarter.....	40 1/8	25 9/16
1998		

First quarter.....	\$44 1/2	\$36 5/8
Second quarter.....	43 1/2	34 5/8
Third quarter.....	43	37 1/8
Fourth quarter.....	39 7/8	32 3/4

On December 17, 1999, the last sale price of the Company's Class A Common Stock as reported by NASDAQ/NMS was \$26.75 per share. There were 355 holders of record of the Company's Common Stock as of December 17, 1999.

DIVIDENDS

The Company has not declared or paid cash dividends on its Common Stock since its incorporation. The Company currently intends to retain earnings to finance the growth and development of its business and does not anticipate paying cash dividends in the foreseeable future. Any payment of cash dividends in the future will depend upon the financial condition, capital requirements and earnings of the Company, as well as other factors the Board of Directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data have been derived from the audited financial statements of the Company.

The selected financial data presented below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements of the Company and its Predecessors. The information below is not necessarily indicative of the results of future operations.

(IN THOUSANDS)	YEAR ENDED SEPTEMBER 30,				
	1999	1998	1997	1996	1995
Revenues:					
Software license fees.....	\$210,002	\$166,875	\$131,138	\$ 89,075	\$ 59,699
Maintenance fees.....	63,933	57,077	48,714	41,500	29,592
Services.....	76,857	70,688	58,234	46,922	27,558
Hardware, net.....	4,002	4,609	6,063	5,739	4,554
Total revenues.....	354,794	299,249	244,149	183,236	121,403
Expenses:					
Cost of software license fees.....	44,079	36,294	29,538	25,637	19,403
Cost of maintenance and services.....	72,096	69,886	57,821	46,179	28,918
Research and development.....	34,612	26,260	20,070	15,883	12,680
Selling and marketing.....	70,121	62,013	50,168	36,749	30,608
General and administrative:					
General and administrative costs.....	58,725	51,873	45,517	34,864	19,597
Amortization of goodwill and purchased intangibles....	4,901	1,435	1,008	656	344
Total expenses.....	284,534	247,761	204,122	159,968	111,550
Operating income.....	70,260	51,488	40,027	23,268	9,853
Other income (expense):					
Interest income.....	2,947	3,204	2,291	2,024	1,084
Interest expense.....	(401)	(242)	(178)	(233)	(1,751)
Transaction related expenses.....	(653)	(2,512)	--	--	--
Other.....	(283)	(203)	(652)	(561)	12
Total other.....	1,610	247	1,461	1,230	(655)
Income before income taxes.....	71,870	51,735	41,488	24,498	9,198
Provision for income taxes.....	(27,170)	(19,476)	(14,325)	(9,296)	(2,145)
Net income before extraordinary loss.....	44,700	32,259	27,163	15,202	7,053
Extraordinary loss related to early retirement of debt....	--	--	--	--	(2,750)
Net income.....	\$ 44,700	\$ 32,259	\$ 27,163	\$ 15,202	\$ 4,303
Unaudited pro forma net income(1).....	\$ 44,613	\$ 31,432	\$ 25,278	\$ 14,286	\$ 4,060
Pro Forma Earnings Per Share Data:					
Basic:					
Before extraordinary loss.....	\$ 1.41	\$ 1.04	\$ 0.85	\$ 0.50	\$ 0.27
Extraordinary loss.....	--	--	--	--	(0.11)
Net income.....	\$ 1.41	\$ 1.04	\$ 0.85	\$ 0.50	\$ 0.16
Average shares outstanding.....	31,667	30,298	29,829	28,526	24,866
Diluted:					
Before extraordinary loss.....	\$ 1.38	\$ 1.01	\$ 0.82	\$ 0.48	\$ 0.27
Extraordinary loss.....	--	--	--	--	(0.11)
Net income.....	\$ 1.38	\$ 1.01	\$ 0.82	\$ 0.48	\$ 0.16
Average shares outstanding.....	32,363	31,193	30,707	29,852	24,866
Balance Sheet Data:					
Working capital.....	\$ 88,962	\$ 86,994	\$ 62,914	\$ 43,268	\$ 38,153
Total assets.....	\$329,525	\$226,307	\$176,891	\$134,988	\$103,586
Long-term obligations.....	\$ 991	\$ 2,002	\$ 2,379	\$ 1,687	\$ 357
Stockholders' equity.....	\$225,169	\$145,877	\$109,346	\$ 80,298	\$ 60,402

(1) Prior to their acquisitions, RVS and IntraNet were taxed primarily as a partnership and a Subchapter S corporation, respectively. In addition, prior to its acquisition, MINT's earnings were not subject to income taxes. The unaudited pro forma net income and earnings per share reflects a pro forma tax provision for income taxes on the results of operations of RVS, IntraNet and MINT for the periods prior to their acquisition.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company develops, markets, installs and supports a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. The Company's products are organized into four lines of business groups -- Consumer Banking, Corporate Banking, Retail Solutions and System Solutions. Products developed by the four lines-of-business groups are marketed and supported through the Company's wholly-owned subsidiary, ACI Worldwide Inc (ACI). 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 primarily uses its own sales force and supplements this with reseller and/or distributor networks. During fiscal 1999, 1998 and 1997, approximately 53%, 55% and 54%, respectively, of total revenues resulted from international operations. The Company derived approximately 66%, 63% and 64%, respectively, of its revenues for those same periods from licensing its BASE24 family of software products and providing related services and maintenance. Although the Company believes that the majority of its revenues will continue to come from its existing BASE24 products over the next several years, the Company has acquired and developed and is currently developing other software products and related services. These products are in the areas of network connectivity, middleware, internet and remote banking, e-commerce, wire transfer, ACH and IVR.

ACQUISITIONS. The Company has completed several acquisitions during fiscal 1999, 1998 and 1997. The Company's acquisition strategy is focused primarily on two areas: (i) additional products to complement and enhance the Company's strategy of being the leading provider of electronic payments software for banks, retailers and other enterprises needing high-volume, reliable processing engines and (ii) geographic expansion into markets which have proven or have a high level of opportunity to embrace electronic payments. Significant acquisitions in fiscal 1999, 1998 and 1997 include the following:

ACQUIREE - - - - -	DATE ACQUIRED - - - - -
Open Systems Solutions, Inc.....	October 1996
Regency Voice Systems, Inc. (RVS).....	May 1997
IntraNet, Inc. (IntraNet).....	August 1998
Professional Resources, Inc. (PRI).....	August 1998
Smart Card Integrators Ltd (SCIL).....	August 1998
Media Integration BV (MINT).....	November 1998
U S Processing, Inc.(USPI).....	December 1998
Insession, Inc. (Insession).....	March 1999
SDM International, Inc. (SDM).....	July 1999

All of the acquisitions were acquired using the pooling of interests method of accounting except for USPI., Insession, and SDM which were accounted for under the purchase method of accounting. USPI was subsequently sold in September 1999. The Company's financial statements have been restated for all periods presented to include the results of the material entities acquired using the pooling of interests method of accounting. The acquisitions of USPI and SDM did not contribute significant revenues during fiscal 1999. The Company was previously the exclusive distributor of Insession's primary product (ICE) and, as a result, that acquisition did not contribute significant additional revenues in fiscal 1999.

PRODUCT PRICING AND REVENUE RECOGNITION. The Company's primary software license fees pricing method is transaction sensitive, whereby products are priced based upon the number of transactions processed by the customer ("transaction-based pricing"). Under this method, customers license the products by paying an Initial License Fee (ILF), where the customer pays a significant portion of the total software license fees at the beginning of the software license term, and a Monthly License Fee (MLF), where the customer pays a portion of the software license fees over the software license term. The payment of the ILF and MLF allows the customer to process a contractually predetermined maximum volume of transactions per month for a specified period of time. Once the transaction volume exceeds this maximum volume level, the customer is required to pay an additional license fee which is in the form of a Capacity License Fee (CLF), collected at the beginning of the period the customer contracts for an incremental volume level, and a Capacity Monthly License Fee (CMLF), collected over the software license term. There is a separate license fee for each incremental volume level. In addition to transaction-based pricing, the Company offers a hardware specific pricing method whereby the product is priced on a per copy basis and tiered to recognize different performance levels of the processing hardware ("designated equipment group pricing"). Under designated equipment group pricing, the customers pay a license fee (in the form of an ILF and MLF) for each copy of the software the customers have licensed for a specified period of time. Under both the transaction-based pricing method and the designated equipment group pricing method, the Company offers a paid up front (PUF) payment option, whereby the present value of the MLF or CMLF is due at the beginning of the software license term. The standard software license term under either pricing method is typically 60 months, but may extend over a shorter or longer period. Other elements of the software licensing arrangement typically include postcontract customer support (maintenance) and, occasionally, services.

Beginning in fiscal 1999, the Company adopted American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition" (SOP 97-2). SOP 97-2 provides guidance on applying generally accepted accounting principles for software revenue recognition transactions. The primary software revenue recognition criteria outlined in SOP 97-2 include: evidence of an arrangement; delivery; fixed or determinable fees; and collectibility.

SOP 97-2 specifies that extended payment terms in a software licensing arrangement may indicate that the software license fees are not deemed to be fixed or determinable. In addition, if payment of a significant portion of the software license fees is not due until more than twelve months after delivery, the software license fees should be PRESUMED not to be fixed or determinable, and thus should be recognized as the payments become due. However, SOP 97-2 specifies that if the Company has a standard business practice of using extended payment terms in software licensing arrangements and has a history of successfully collecting the software license fees under the original terms of the software licensing arrangement without making concessions, the Company can overcome the presumption that the software license fees are not fixed or determinable. If the presumption is overcome, the Company should recognize the software license fees when all other SOP 97-2 revenue recognition criteria are met.

The Company has concluded that for certain software arrangements entered into after October 1, 1998 with extended guaranteed payment terms, the "fixed or determinable" presumption has been overcome and software license fees should be recognized upon meeting the SOP 97-2 revenue recognition criteria ("guaranteed software license fees"). The present value of the guaranteed software license fees, net of third party royalties, recognized in fiscal 1999 totaled approximately \$60.5 million. The discount rates used to determine the present value of the guaranteed software license fees, representing the Company's incremental borrowing rates, ranged from 9.5% to 10.25%. The portion of the guaranteed software license fees that has been recognized by the Company, but not yet billed, is reflected in accrued receivables in the accompanying consolidated balance sheets.

Failing to overcome the "fixed or determinable" presumption would have resulted in the Company recognizing the ILF and CLF components of the software license fees related to these certain software arrangements when the software was delivered (or in the reporting period that the incremental volume

level was effective), and the MLF and CMLF components of the software license fees would have been recognized ratably over the software license term as they were billed. Software license fees related to those software arrangements that would have been recognized in fiscal 1999 had the Company not been able to overcome the presumption that the software license fees were not fixed or determinable fees would have been approximately \$5.1 million.

Software license fees for fiscal 1999, 1998 and 1997 consisted of the following (in thousands):

	1999	1998	1997
	-----	-----	-----
Initial license fees (ILF, CLF, PUF).....	\$ 95,002	\$123,175	\$ 98,738
Monthly license fees (MLF, CMLF).....	54,500	43,700	32,400
Guaranteed software license fees.....	60,500	--	--
	-----	-----	-----
	\$210,002	\$166,875	\$131,138
	=====	=====	=====

The Company prefers to collect software license fees using the MLF/CMLF payment option rather than the PUF payment option, as the MLF/CMLF payment option generally provides more favorable economic results to the Company. Software license arrangements with the MLF/CMLF payment option typically include guaranteed monthly payments, which enhances the long-term relationship with the customer. As a result, in fiscal 1999 the Company emphasized MLF/CMLF payment options rather than PUF payment options.

RESULTS OF OPERATIONS

The following table sets forth certain financial data and the percentage of total revenues of the Company for the periods indicated:

(IN THOUSANDS)	YEAR ENDED SEPTEMBER 30,					
	1999		1998		1997	
	AMOUNT	% OF REVENUE	AMOUNT	% OF REVENUE	AMOUNT	% OF REVENUE
Revenues:						
Software license fees.....	\$210,002	59.2%	\$166,875	55.8%	\$131,138	53.7%
Maintenance fees.....	63,933	18.0	57,077	19.1	48,714	20.0
Services.....	76,857	21.7	70,688	23.6	58,234	23.9
Hardware, net.....	4,002	1.1	4,609	1.5	6,063	2.5
Total revenues.....	354,794	100.0	299,249	100.0	244,149	100.0
Expenses:						
Cost of software license fees...	44,079	12.4	36,294	12.1	29,538	12.1
Cost of maintenance and services.....	72,096	20.3	69,886	23.4	57,821	23.7
Research and development.....	34,612	9.8	26,260	8.8	20,070	8.2
Selling and marketing.....	70,121	19.8	62,013	20.7	50,168	20.5
General and administrative:						
General and administrative costs.....	58,725	16.6	51,873	17.3	45,517	18.6
Amortization of goodwill and purchased intangibles.....	4,901	1.4	1,435	0.5	1,008	0.4
Total expenses.....	284,534	80.2	247,761	82.8	204,122	83.6
Operating income.....	70,260	19.8	51,488	17.2	40,027	16.4
Other income (expense):						
Interest income.....	\$ 2,947	0.8%	\$ 3,204	1.1%	\$ 2,291	0.9%
Interest expense.....	(401)	(0.1)	(242)	(0.1)	(178)	(0.1)
Transaction related expenses....	(653)	(0.2)	(2,512)	(0.8)	--	0.0
Other.....	(283)	(0.1)	(203)	(0.1)	(652)	(0.3)
Total other.....	1,610	0.5	247	0.1	1,461	0.6
Income before income taxes.....	71,870	20.3	51,735	17.3	41,488	17.0
Provision for income taxes.....	(27,170)	(7.7)	(19,476)	(6.5)	(14,325)	(5.9)
Net income.....	\$ 44,700	12.6%	\$ 32,259	10.8%	\$ 27,163	11.1%
Unaudited pro forma net income(1).....	\$ 44,613	12.6%	\$ 31,432	10.5%	\$ 25,278	10.4%

(1) Prior to their acquisitions, RVS and IntraNet were taxed primarily as a partnership and a Subchapter S corporation, respectively. In addition, prior to its acquisition, MINT's earnings were not subject to income taxes. The unaudited pro forma net income reflects a pro forma tax provision for income taxes on the results of operations of RVS, IntraNet and MINT for the periods prior to their acquisition.

REVENUES. Total revenues for fiscal 1999 increased 18.6% or \$55.5 million over fiscal 1998. Of this increase, \$43.1 million of the growth resulted from a 25.8% increase in software license fees revenue, \$6.2 million from an 8.7% increase in services revenue and \$6.9 million from a 12.0% increase in maintenance fee revenue.

Total revenues for fiscal 1998 increased 22.6% or \$55.1 million over fiscal 1997. Of this increase, \$35.7 million of the growth resulted from a 27.3% increase in software license fees revenue, \$12.5 million from a 21.4% increase in services revenue and \$8.4 million from a 17.2% from increase in maintenance fee revenue.

The growth in software license fees revenue in both fiscal 1999 and 1998 is primarily the result of increased demand, from both existing and new customers, for the Company's BASE24 ATM and POS products and System Solutions products and services accompanied by the continued growth of the installed base of customers paying monthly license fee (MLF) revenue. Contributing to the strong demand for the Company's products is the continued world-wide growth of electronic payment transaction volume and the growing complexity of electronic payment systems. MLF revenue was \$54.5 million, \$43.7 million and \$32.4 million in fiscal 1999, 1998 and 1997, respectively.

The growth in services revenue in both fiscal 1999 and 1998 is the result of increased demand for technical and project management services which is a direct result of the increased installed base of the Company's BASE24 products.

The increase in maintenance fee revenue in both fiscal 1999 and 1998 is a result of the continued growth of the installed base of the Company's software products.

EXPENSES. Total operating expenses for fiscal 1999 increased 14.8% or \$36.8 million over fiscal 1998. Total operating expenses for fiscal 1998 increased 21.4% or \$43.6 million over fiscal 1997. The primary reason for the overall increase in operating expenses during fiscal 1999 and 1998 is the increase in staff required to support the increased demand for the Company's products and services. The slowing of expense growth in fiscal 1999 is primarily due to the Company implementing controls over headcount growth. Prior to the implementation of the headcount controls, the Company was experiencing significant headcount growth as it moved to the line-of-business organization structure and added acquired companies. Total staff (including both employees and independent contractors) was 2,194, 2,054 and 1,684 at September 30, 1999, 1998 and 1997, respectively.

The Company's operating margin was 19.8%, 17.2% and 16.4% in fiscal 1999, 1998 and 1997, respectively. These improvements are primarily due to increased demand for the Company's products and the impact of the growth in the Company's MLF revenues.

The Company's gross margin (total revenues minus cost of software and cost of maintenance and services) was 67.3%, 64.5% and 64.2% in fiscal 1999, 1998 and 1997, respectively. The increase in gross margin is primarily due to the impact of additional MLF revenue.

Research and development (R&D) costs as a percentage of total revenues were 9.8%, 8.8% and 8.2% in fiscal 1999, 1998 and 1997, respectively. The majority of R&D costs have been charged to expense as incurred with the capitalization of software costs amounting to approximately \$3.6 million in fiscal 1999 and \$1.0 million in fiscal 1998 and 1997.

Selling and marketing costs as a percentage of total revenues were 19.8%, 20.7% and 20.5% in fiscal 1999, 1998 and 1997, respectively. The slight decrease in fiscal 1999 as compared to fiscal 1998 and 1997 is due to the impact of additional MLF revenue and increased leverage from a larger revenue base in relation to the level of selling and marketing costs being incurred.

General and administrative (G & A) costs as a percentage of total revenues were 16.6%, 17.3% and 18.5% in fiscal 1999, 1998 and 1997. The decreases are due primarily to increased leverage from the larger revenue base in relation to the level of G & A expenses being incurred.

EBITDA. The Company's earnings before interest, income taxes, depreciation and amortization (EBITDA) was \$91.8 million, \$62.7 million and \$49.6 million for fiscal 1999, 1998 and 1997, respectively. These increases are attributable to the continued growth in both recurring and non-recurring revenues more than offsetting the growth in operating expenses. EBITDA is not intended to represent cash flows for the periods in accordance with generally accepted accounting principles.

OTHER INCOME AND EXPENSE. Other income and expense consists primarily of interest income derived from short-term investments and interest expense on indebtedness. Interest income was higher in fiscal 1998 than in fiscal 1999. This is due primarily to interest earned in fiscal 1998 and early fiscal

1999 on promissory notes and line-of-credit advances provided to Insession and USPI prior to the Company's acquisition of these companies.

TRANSACTION RELATED EXPENSES. Transaction related expenses include legal, accounting, investment banking fees and other non-recurring expenses associated with the acquisitions accounted for as poolings of interest. In fiscal 1999, the Company incurred \$653,000 of these expenses to complete the acquisition of MINT and in fiscal 1998, the Company incurred \$2.5 million to complete the acquisition of IntraNet, SCIL and PRI.

INCOME TAXES. The Company had a pro forma effective tax rate of 38% for fiscal 1999 and 39% for fiscal 1998. As of September 30, 1999, the Company has deferred tax assets of approximately \$18.7 million and deferred tax liabilities of \$6.2 million. Each year, the Company evaluates its historical operating results as well as its projections to determine the realizability of the deferred tax assets. This analysis indicated that \$7.5 million of the deferred tax assets were more likely than not to be realized. Accordingly, the Company has recorded a valuation allowance of \$11.2 million as of September 30, 1999.

The Company intends to analyze the realizability of the net deferred tax assets at each future reporting period. Such analysis may indicate that the realization of various deferred tax benefits is more likely than not and, therefore, the valuation reserve may be reduced.

BACKLOG

As of September 30, 1999 and 1998, the Company had non-recurring revenue backlog of \$30.9 million and \$30.2 million in software license fees and \$34.2 million and \$35.6 million in services, respectively. The Company includes in its non-recurring revenue backlog all fees specified in contracts which have been executed by the Company to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that the contracts included in non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one year period.

As of September 30, 1999 and 1998, the Company had recurring revenue backlog of \$138.7 million and \$119.4 million, respectively. The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in contracts which have been executed by the Company and its customers to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that the contracts included in recurring revenue backlog will actually generate the specified revenues, or that the actual revenues will be generated within the one year period.

YEAR 2000

Year 2000 problems may arise in computer equipment and software, as well as embedded electronic systems, because of the way these systems are programmed to interpret certain dates that will occur around the change in century. In the computer industry this is primarily the result of computer programs being designed and developed using or reserving only two digits in date fields (rather than four digits) to identify the year, without considering the ability of the program to properly distinguish the upcoming century change in the Year 2000. In addition, the Year 2000 is a special-case leap year and some programs may drop February 29th from their internal calendars. Certain other dates may present problems because of the way the digits are interpreted. Because the Company's business is based on the licensing of applications software, the Company's business would be adversely impacted if its products or its internal systems experience problems associated with the century change. This issue also potentially affects the software programs and systems used by the Company in its operations.

PROJECT DEFINITION. In 1996 the Company initiated a company wide program to analyze three specific categories of systems: (1) software developed by the Company which is licensed to customers;

(2) information technology or "IT" systems utilized by the Company consisting of applications developed in-house and purchased from third party suppliers; and (3) non-IT systems and embedded technology which are integral components of the infrastructure of the Company.

The Company adopted a methodology for reviewing its licensed software consisting of four categories. The categories are (1) preparation, (2) analysis and remediation, (3) testing, and (4) delivery. The Company developed tools during the preparation phase of the project which were utilized during the analysis and testing phases. The tools were subsequently made available to the Company's customers at no charge. The Company believes that its remediation efforts with respect to its software products will prove to be successful. The Company's belief is based on testing by the Company of its software products by using testing tools simulating dates and testing by many of its customers who have in turn completed their own Year 2000 testing. Year 2000 compliant versions of its software products ("Compliant Software") have been made available by the Company to customers in a timely manner and its communication efforts have been proactive and ongoing. The Company continues to actively monitor the status and progress of customers and distributors and assess the risk associated in those cases where the customer has not taken delivery of the Compliant Software or may have not made satisfactory progress in their own Year 2000 testing.

With respect to IT and non-IT systems, the Company is utilizing a methodology similar to that adopted for its software products. Specifically, the Company is utilizing the following steps: (1) preparation, in which the Company conducts systematic inventory, analysis, and prioritization of the systems in accordance with mission critical impact (2) analysis, replacement and remediation (3) testing and (4) implementation.

Recognizing the importance of communications regarding and organization of Year 2000 tasks and responsibilities, the Company has embraced a management approach utilizing central coordination with distributed administration over geographic and business units. This approach mirrors the Company's organization and ensures that Year 2000 Communications Managers are deployed and managing tasks in close proximity to actual efforts. Those efforts are then reported centrally to upper management. The approach also ensures that customers are kept informed of product and Company activities relating to the Year 2000 and that the Company is able to measure progress and plan support for customers' Year 2000 projects.

CURRENT STATUS. Following analysis, remediation and testing efforts, the Company began shipping Year 2000 compliant versions of its major licensed software applications in March of 1997. As efforts were completed on other applications, they too were shipped to customers so that they could be upgraded as part of the customers' own Year 2000 projects. As of November 1999, all of the Company's licensed software applications are compliant and available to customers. The Company continues to conduct analysis of newly acquired software products with appropriate measurement and documentation in accordance with the Year 2000 methodology in place.

With respect to the IT and non-IT systems, remediation and replacement has been substantially completed in the most critical areas. The internal accounting systems utilized by the Company and its subsidiaries have been replaced where necessary. As new IT and non-IT purchases are made, each is scrutinized and inventoried for Year 2000 compliance.

The majority of the embedded systems on which the Company relies in its day to day operations around the world are owned and managed by the lessors of the buildings in which the Company's offices are located, or by agents of such lessors. The Company has sent letters to its lessors and, as applicable, their agents requesting certifications of the Year 2000 compliance of the embedded systems. The Company has received responses from more than 90% of its lessors indicating that the systems in the buildings either already are, or are expected to be before the end of 1999, Year 2000 compliant. Those systems not owned by and managed by lessors have undergone a similar inventory and certification gathering. The Company will prioritize systems and develop necessary test plans based on the further responses it continues to receive, or not to receive, to its letters.

The Company has developed contingency plans for support of its customers prior to, during, and following the "Year 2000 weekend". Such plans incorporate, but are not limited to, distribution of support personnel in locations around the world, backup plans for telecommunications, decision and notification hierarchy, and other infrastructure support. Contingency plans were completed in September of 1999.

COSTS. The Company expects to incur project costs of approximately \$10 million over the life of the Year 2000 project. These costs consist of: (i) internal staff costs related to licensed product remediation and testing; (ii) internal staff costs related to IT and non-IT compliance; (iii) hardware and software cost for replacement of IT systems; and (iv) costs related to non-IT compliance involving embedded systems and consulting services. Costs incurred from the beginning of the project in 1996 through September 1999 have totaled approximately \$9.4 million. The Company expects to incur an additional \$600,000 over the remaining life of the Year 2000 project. All costs related to the Year 2000 project are being expensed as incurred. The estimated remaining costs are based on currently known circumstances and various assumptions regarding future events. There can be no assurance that this estimate will be achieved and actual results could differ materially from those anticipated.

RISKS. The Company believes that the most likely Year 2000 risks relate to third parties with which it has material relationships. Those parties include computer hardware system providers on which the Company and its customers rely as well as service providers such as those providing telecommunications and electricity. Failure or disruption of such services or systems could adversely affect operations and the Company's ability to support its customers. The second most likely Year 2000 risk relates to the Company's products that are used in conjunction with software products developed by other vendors or by customers who have developed their own applications for use with the Company's products, which may not be Year 2000 compliant. Since the majority of the Company's customers utilize the Company's software products for authorization, routing, or processing of financial transactions, the failure of such customers' systems, which may be particularly susceptible to Year 2000 compliance issues, could impact the transaction volume processed by the customers thereby reducing transaction fees paid by customers with usage based fee contracts. Failures of such systems could also increase the efforts required by the Company to assist customers with resolving problems unrelated to the Company's licensed products. The third most likely Year 2000 risk relates to certain foreign countries in which the Company operates and the Company's customers in such countries that are not acting to sufficiently remediate Year 2000 issues. Some customers outside of the United States have chosen to concentrate on issues other than the Year 2000. Without concentrating on the Year 2000 upgrade and testing efforts, such customers will not be prepared and may require additional support to assist them. Commercial risks are associated with operating in countries that are not prepared for the Year 2000.

In each case cited previously, the Company has developed contingency plans to address each identified risk. In addition, the Company continues to use its methodology of centralized and distributed management to keep in contact and monitor progress with customer projects and to communicate at an upper management level to those customers categorized as "at risk" due to their lack of progress. The contingency plan acknowledges the risk associated with suppliers of material services, hardware vendors closely related to the operation of the Company's licensed products, the Company's own licensed products and the ability of the Company to support its customers. In addition to distributed support methods, the Company's contingency plans address alternative services, such as telecommunications. The (i) inability to timely implement contingency plans, if deemed necessary and (ii) the cost to implement such plans, may have a material adverse effect on the Company's results of operations.

Except for statements of existing or historical facts, the foregoing discussion consists of forward-looking statements and assumptions relating to forward-looking statements, including without limitation the statements relating to future costs, potential problems relating to Year 2000, the Company's state of readiness, third party representations, and the Company's plans and objectives for addressing Year 2000 problems. Certain factors could cause actual results to differ materially from the Company's

expectations, including without limitation (i) the failure of existing or future customers to achieve Year 2000 compliance, (ii) the failure of computer hardware system providers on which the Company and its customers rely or other vendors or service providers of the Company or its customers to timely achieve Year 2000 compliance, (iii) the Company's products and systems not containing all necessary data code changes, (iv) the failure of the Company's analysis and testing to detect operational problems in IT and non-IT systems utilized by the Company or in the Company's products or services, whether such failure results from the technical inadequacy of the Company's validation and testing efforts, the technological unfeasibility of testing certain non-IT systems, and the unavailability of customers or other third parties to participate in testing, (v) potential litigation arising out of Year 2000 issues, with respect to providers of software and related technical and consulting services such as the Company generally, and particularly in light of the numerous interfaces between the Company's products and products and systems of third parties which are required to successfully utilize the Company's products which could involve the Company in expensive, multiple party litigation even though the Company may have no responsibility for the alleged problem, and (vi) the failure to successfully implement the contingency plan or any inadequacy of the contingency plan to the extent Year 2000 compliance is not achieved.

During the first quarter of fiscal 2000, the Company's large bank and merchant customers have, in effect, locked down their systems prior to the Year 2000. This Year 2000 lock-down has had a negative impact on the Company's revenue and net income for the first quarter of fiscal 2000 due to the less than expected demand by the Company's customers to upgrade and enhance their current systems.

Although it is uncertain whether the Year 2000 lock-down will have a negative impact on the Company's revenue and net income beyond the first quarter of fiscal 2000, the Company believes demand for system upgrades and enhancements could be slow to return to normal levels if one or more segments of the global marketplace experience Year 2000-related failures. It is clear that as a result of the negative impact on the first quarter of fiscal 2000, the Year 2000 lock-down will have a negative impact on the Company's revenue and net income for fiscal 2000.

The statements in this report regarding future results are preliminary and "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, this report contains other forward-looking statements including statements regarding the Company's expectations, plans and beliefs. The forwarding-looking statements in this report are subject to a variety of risks and uncertainties. Actual results could differ materially. Factors that could cause actual results to differ include but are not limited to those described above and the following:

- That the Company will continue to derive a substantial majority of its total revenue from licensing its BASE24 family of software products and providing services and maintenance related to those products. Any reduction in demand for, or increase in competition with respect to, BASE24 products would have a material adverse effect on TSA's financial condition and results of operations.
- That the Company's business is concentrated in the banking industry, making it susceptible to a downturn in that industry.
- Fluctuations in quarterly operating results may result in volatility in TSA's stock price. No assurance can be given that operating results will not vary.
- TSA's stock price may be volatile, in part due to external factors such as announcements by 3rd parties or competitors, inherent volatility in the high-technology sector and changing market conditions in the industry.

For a detailed discussion of these and other risk factors, interested parties should review the Company's filings with the Securities and Exchange Commission, including Exhibit 99.01 to this report.

SELECTED QUARTERLY INFORMATION

The following table sets forth certain unaudited financial data for each of the quarters within fiscal 1999, 1998 and 1997. This information has been derived from the Company's Consolidated Financial Statements and in management's opinion, reflects all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the information for the quarters presented. The operating results for any quarter are not necessarily indicative of results for any future period.

(IN THOUSANDS)	QUARTER ENDED							
	SEP. 30, 1999	JUNE 30, 1999	MARCH 31, 1999	DEC. 31, 1998	SEP. 30, 1998	JUNE 30, 1998	MARCH 31, 1998	DEC. 31, 1997
Revenues:								
Software license fees.....	\$60,114	\$53,259	\$50,552	\$46,077	\$45,305	\$42,923	\$40,082	\$38,565
Maintenance fees.....	16,328	16,042	15,996	15,567	15,078	14,664	14,162	13,173
Services.....	15,395	18,858	19,309	23,295	20,154	18,188	16,405	15,941
Hardware, net.....	810	967	1,094	1,131	883	1,232	1,105	1,389
Total revenues.....	92,647	89,126	86,951	86,070	81,420	77,007	71,754	69,068
Expenses:								
Cost of software license fees.....	11,926	10,381	9,950	11,822	9,776	9,220	8,535	8,763
Cost of maintenance and services.....	16,025	17,740	18,038	20,293	19,304	18,126	16,722	15,734
Research and development.....	9,165	8,711	8,538	8,198	7,050	6,797	6,304	6,109
Selling and marketing.....	19,300	17,495	17,348	15,978	16,917	15,682	15,010	14,404
General and administrative: General and administrative costs.....	14,742	14,639	14,976	14,368	14,045	13,717	12,279	11,832
Amortization of goodwill and purchased intangibles.....	1,780	1,572	1,104	445	359	347	414	315
Total expenses.....	72,938	70,538	69,954	71,104	67,451	63,889	59,264	57,157
Operating income.....	19,709	18,588	16,997	14,966	13,969	13,118	12,490	11,911
Other income (expense):								
Interest income.....	817	706	721	703	894	863	800	647
Interest expense.....	(165)	(77)	(48)	(111)	(98)	(46)	(78)	(20)
Transaction related expenses.....	--	--	--	(653)	(2,512)	--	--	--
Other income (expense).....	(320)	(131)	(29)	197	63	(226)	40	(80)
Total other.....	332	498	644	136	(1,653)	591	762	547
Income before income taxes.....	20,041	19,086	17,641	15,102	12,316	13,709	13,252	12,458
Provision for income taxes.....	(7,531)	(7,237)	(6,757)	(5,645)	(5,289)	(5,040)	(4,700)	(4,447)
Net income.....	\$12,510	\$11,849	\$10,884	\$ 9,457	\$ 7,027	\$ 8,669	\$ 8,552	\$ 8,011
Unaudited pro forma net income(1).....	\$12,510	\$11,849	\$10,884	\$ 9,370	\$ 6,849	\$ 8,575	\$ 8,290	\$ 7,718
Pro forma basic earnings per share.....	\$ 0.39	\$ 0.37	\$ 0.35	\$ 0.30	\$ 0.22	\$ 0.28	\$ 0.28	\$ 0.26
Pro forma diluted earnings per share.....	\$ 0.38	\$ 0.36	\$ 0.34	\$ 0.30	\$ 0.22	\$ 0.27	\$ 0.27	\$ 0.25

(IN THOUSANDS)	QUARTER ENDED			
	SEP. 30, 1997	JUNE 30, 1997	MARCH 31, 1997	DEC. 31, 1996
Revenues:				
Software license fees.....	\$34,796	\$34,340	\$33,152	\$28,850
Maintenance fees.....	12,628	12,470	11,861	11,755
Services.....	15,455	15,211	13,535	14,033
Hardware, net.....	1,175	1,083	3,213	592
Total revenues.....	64,054	63,104	61,761	55,230
Expenses:				
Cost of software				

license fees.....	7,592	7,428	7,284	7,234
Cost of maintenance and services.....	14,941	14,832	13,929	14,119
Research and development.....	5,269	5,155	5,102	4,544
Selling and marketing.....	13,713	13,062	12,441	10,952
General and administrative: General and administrative costs.....	11,035	11,422	12,930	10,130
Amortization of goodwill and purchased intangibles.....	344	210	237	217
Total expenses.....	52,894	52,109	51,923	47,196
Operating income.....	11,160	10,995	9,838	8,034
Other income (expense):				
Interest income.....	642	621	547	481
Interest expense.....	(42)	(55)	(24)	(57)
Transaction related expenses.....	--	--	--	--
Other income (expense).....	(76)	(40)	(223)	(313)
Total other.....	524	526	300	111
Income before income taxes.....	11,684	11,521	10,138	8,145
Provision for income taxes.....	(3,786)	(3,793)	(3,667)	(3,079)
Net income.....	\$ 7,898	\$ 7,728	\$ 6,471	\$ 5,066
Unaudited pro forma net income(1).....	\$ 7,537	\$ 7,206	\$ 5,990	\$ 4,545
Pro forma basic earnings per share.....	\$ 0.25	\$ 0.24	\$ 0.20	\$ 0.16
Pro forma diluted earnings per share.....	\$ 0.24	\$ 0.23	\$ 0.20	\$ 0.15

(1) Prior to their acquisitions, RVS and IntraNet were taxed primarily as a partnership and a Subchapter S corporation, respectively. In addition, prior to its acquisition, MINT's earnings were not subject to income taxes. The unaudited pro forma net income and earnings per share reflects a pro forma tax provision for income taxes on the results of operations of RVS, IntraNet and MINT.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1999, the Company's principal sources of liquidity consisted of \$70.5 million of cash and cash equivalents, as compared to \$63.6 million at September 30, 1998.

The Company's net cash flows provided by operating activities for fiscal 1999, 1998 and 1997 were \$40.3 million, \$35.8 million and \$34.2 million, respectively. The increase of \$4.5 million in fiscal 1999 is principally due to higher net income and an increase in deferred revenue, partly offset by an increase in accrued receivables and a decrease in accrued liabilities. The increase of \$1.6 million in fiscal 1998 is principally due to higher net income and increases in accrued liabilities and deferred revenue partly offset by increases in billed receivables. An important contributor to the cash management program is the Company's factoring of accrued receivables begun in fiscal 1998, whereby interest in its receivables are transferred (on a non-recourse basis) to third party financial institutions in exchange for cash. During fiscal 1999 and 1998, the Company generated operating cash flows from the factoring of accrued receivables of \$30.9 million and \$9.2 million, respectively.

The Company's net cash flows used in investing activities totaled \$20.2 million, \$24.9 million and \$18.5 million in fiscal 1999, 1998 and 1997, respectively. The decrease in cash used in investing activities in fiscal 1999 as compared to 1998 is due to proceeds of \$10.1 million received in the sale of US Processing, Inc. more than offsetting the increase in the amount of cash used for purchases of software, marketable securities and acquisitions. The increase in fiscal 1998 as compared to 1997 is due to an increase in the level of cash used to purchase property and equipment, marketable securities and additions to other investments and notes receivable. In each period, the Company made significant investments in computer equipment and software. The Company expects to continue to invest in these items to support its growth.

In fiscal 1999, the Company purchased 1.25 million shares of Digital Courier Technologies, Inc. (DCTI) Common Stock for \$6.5 million. The Company also received warrants to purchase 1.0 million shares of DCTI Common Stock for an exercise price of \$5.20 per share. In fiscal 1998, the Company purchased 2.5 million shares of Nestor, Inc. (Nestor) Common Stock for \$5.0 million. The Company also received warrants to purchase 2.5 million shares of Nestor Common Stock for an exercise price of \$3 per share.

In fiscal 1999, the Company's Board of Directors approved the repurchase of up to 2,000,000 shares of Common Stock through February 2000. The purpose of the stock repurchase program is to replace the shares issued in the SDM acquisition completed in July 1999, and to fund a reserve for shares for future employee stock option grants, acquisitions or other corporate purposes. Under this repurchase program, the Company purchased 475,000 shares at an average cost of \$29.98 per share for approximately \$14.2 million in fiscal 1999 and 500,300 shares at an average cost of \$26.67 for approximately \$13.3 million during the first quarter of fiscal 2000. The Company used cash flow from operations to fund the Common Stock repurchases.

Management believes that the Company's working capital and cash flow generated from operations are sufficient to meet the Company's working capital requirements for the foreseeable future.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks associated primarily to changes in foreign currency exchange rates. The Company conducts business in all parts of the world. As a general rule, the Company's revenue contracts are denominated in U.S. dollars. Thus, any decline in the value of local foreign currencies against the U.S. dollar will result in the Company's products and services being more expensive to a potential foreign buyer, and in those instances where the Company's goods and services have already been sold, will result in the receivables being more difficult to collect. The Company does at times enter into revenue contracts that are denominated in the currency of the country in which it has substantive operations, principally the United Kingdom, Australia, Canada and Singapore. This practice serves as a natural hedge to finance the expenses incurred in those locations. The Company has not entered into, nor does it currently anticipate entering into, any foreign currency hedging transactions.

The Company does not purchase or hold any derivative financial instruments for the purpose of speculation or arbitrage.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Transaction Systems Architects, Inc.:

We have audited the accompanying consolidated balance sheets of Transaction Systems Architects, Inc. (a Delaware corporation) and Subsidiaries as of September 30, 1999 and 1998, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended September 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transaction Systems Architects, Inc. and Subsidiaries as of September 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1999, in conformity with generally accepted accounting principles.

As explained in Note 2 to the consolidated financial statements, the Company changed its method of accounting for software license fees revenue upon the adoption of American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition," effective October 1, 1998.

ARTHUR ANDERSEN LLP

Omaha, Nebraska,
October 28, 1999

TRANSACTION SYSTEMS ARCHITECTS, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS EXCEPT SHARE DATA)

	SEPTEMBER 30,	
	1999	1998
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 70,482	\$ 63,648
Marketable securities.....	8,456	2,188
Billed receivables, net of allowances of \$7,251 and \$5,148, respectively.....	50,619	58,080
Accrued receivables.....	41,880	33,000
Deferred income taxes.....	7,468	4,921
Other.....	7,215	3,585
	-----	-----
Total current assets.....	186,120	165,422
Property and equipment, net.....	20,754	21,001
Software, net.....	25,835	7,172
Intangible assets, net.....	61,612	9,385
Long-term accrued receivables.....	26,850	2,056
Investments and notes receivable.....	3,569	16,754
Other.....	4,785	4,517
	-----	-----
Total assets.....	\$329,525	\$226,307
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 501	\$ 1,078
Accounts payable.....	8,030	13,720
Accrued employee compensation.....	7,192	8,426
Accrued liabilities.....	18,287	14,826
Income taxes.....	8,521	4,784
Deferred revenue.....	54,627	35,594
	-----	-----
Total current liabilities.....	97,158	78,428
Long-term debt.....	991	2,002
Deferred income taxes.....	6,207	--
	-----	-----
Total liabilities.....	104,356	80,430
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Redeemable Convertible Preferred Stock, \$.01 par value; 5,450,000 shares authorized; no shares issued and outstanding at September 30, 1999 and 1998		
Redeemable Convertible Class B Common Stock and Warrants, \$.05 par value; 5,000,000 shares authorized; no shares issued and outstanding at September 30, 1999 and 1998		
Class A Common Stock, \$.005 par value; 50,000,000 shares authorized; 32,580,637 and 29,873,947 shares issued at September 30, 1999 and 1998, respectively.....	163	150
Class B Common Stock, \$.005 par value; 5,000,000 shares authorized; none and 1,171,252 shares issued and outstanding at September 30, 1999 and 1998, respectively.....	--	6
Additional paid-in capital.....	161,630	112,398
Retained earnings.....	82,922	38,222
Treasury stock, at cost, 475,845 shares and 845 shares at September 30, 1999 and 1998, respectively.....	(14,250)	(12)
Accumulated other comprehensive income.....	(5,296)	(4,887)
	-----	-----
Total stockholders' equity.....	225,169	145,877
	-----	-----
Total liabilities and stockholders' equity.....	\$329,525	\$226,307
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Revenues:			
Software license fees.....	\$210,002	\$166,875	\$131,138
Maintenance fees.....	63,933	57,077	48,714
Services.....	76,857	70,688	58,234
Hardware, net.....	4,002	4,609	6,063
Total revenues.....	354,794	299,249	244,149
Expenses:			
Cost of software license fees.....	44,079	36,294	29,538
Cost of maintenance and services.....	72,096	69,886	57,821
Research and development.....	34,612	26,260	20,070
Selling and marketing.....	70,121	62,013	50,168
General and administrative:			
General and administrative costs.....	58,725	51,873	45,517
Amortization of goodwill and purchased intangibles.....	4,901	1,435	1,008
Total expenses.....	284,534	247,761	204,122
Operating income.....	70,260	51,488	40,027
Other income (expense):			
Interest income.....	2,947	3,204	2,291
Interest expense.....	(401)	(242)	(178)
Transaction related expenses.....	(653)	(2,512)	--
Other.....	(283)	(203)	(652)
Total other.....	1,610	247	1,461
Income before income taxes.....	71,870	51,735	41,488
Provision for income taxes.....	(27,170)	(19,476)	(14,325)
Net income.....	\$ 44,700	\$ 32,259	\$ 27,163
Average shares outstanding			
Basic.....	31,667	30,298	29,829
Diluted.....	32,363	31,193	30,707
Unaudited pro forma information (Note 3)			
Pro forma net income.....	\$ 44,613	\$ 31,432	\$ 25,278
Pro forma earnings per share data:			
Basic.....	\$ 1.41	\$ 1.04	\$ 0.85
Diluted.....	\$ 1.38	\$ 1.01	\$ 0.82
Net income.....	\$ 44,700	\$ 32,259	\$ 27,139
Other comprehensive income:			
Foreign currency translation adjustments.....	(178)	(1,815)	(24)
Unrealized investment holding loss.....	(231)	(2,812)	--
Comprehensive income.....	\$ 44,291	\$ 27,632	\$ 27,139

The accompanying notes are an integral part of the consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS EXCEPT SHARE AMOUNTS)

	CLASS A COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance, September 30, 1996, as previously reported.....	\$133	\$11	\$ 96,984	\$(16,540)	\$(12)	\$(236)	\$80,340
Adjustment for Media Integration BV pooling of interests.....	4	--	346	73	--	--	423
Balance, September 30, 1996, as restated....	137	11	97,330	(16,467)	(12)	(236)	80,763
Adjustment for Open Systems Solutions, Inc. pooling of interests.....	1	--	5	(176)	--	--	(170)
Sale of Class A Common Stock pursuant to Employee Stock Purchase Plan.....	--	--	778	--	--	--	778
Conversion of Class B Common Stock to Class A Common Stock.....	5	(5)	--	--	--	--	--
Exercise of stock options.....	1	--	1,268	--	--	--	1,269
Distribution to RVS and Intranet, Inc. owners.....	--	--	--	(4,320)	--	--	(4,320)
Tax benefit of stock options exercised.....	--	--	2,586	--	--	--	2,586
Sale of stock options.....	--	--	3,132	--	--	--	3,132
Net income.....	--	--	--	27,163	--	--	27,163
Foreign currency translation adjustments....	--	--	--	--	--	(24)	(24)
Balance, September 30, 1997.....	144	6	105,099	6,200	(12)	(260)	111,177
Adjustment for immaterial pooled businesses.....	4	--	17	663	--	--	684
Issuance of Class A Common Stock for purchase of Coyote Systems, Inc.....	1	--	1,086	--	--	--	1,087
Sale of Class A Common Stock pursuant to Employee Stock Purchase Plan.....	--	--	971	--	--	--	971
Exercise of stock options.....	1	--	2,099	--	--	--	2,100
Distribution to Intranet, Inc. owners.....	--	--	--	(900)	--	--	(900)
Tax benefit of stock options exercised.....	--	--	3,126	--	--	--	3,126
Unrealized investment holding loss.....	--	--	--	--	--	(2,812)	(2,812)
Net income.....	--	--	--	32,259	--	--	32,259
Foreign currency translation adjustments....	--	--	--	--	--	(1,815)	(1,815)
Balance, September 30, 1998.....	150	6	112,398	38,222	(12)	(4,887)	145,877
Issuance of Class A Common Stock for purchase of Insession, Inc.....	4	--	28,421	--	--	--	28,425
Issuance of Class A Common Stock for purchase of SDM International, Inc.....	2	--	14,485	--	--	--	14,487
Sale of Class A Common Stock pursuant to Employee Stock Purchase Plan.....	--	--	1,339	--	--	--	1,339
Conversion of Class B Common Stock to Class A Common Stock.....	6	(6)	--	--	--	--	--
Purchase of 475,000 shares of Class A Common Stock.....	--	--	--	--	(14,238)	--	(14,238)
Exercise of stock options.....	1	--	2,216	--	--	--	2,217
Tax benefit of stock options exercised.....	--	--	2,771	--	--	--	2,771
Unrealized investment holding loss.....	--	--	--	--	--	(231)	(231)
Net income.....	--	--	--	44,700	--	--	44,700
Foreign currency translation adjustments....	--	--	--	--	--	(178)	(178)
Balance, September 30, 1999.....	\$163	\$--	\$161,630	\$ 82,922	\$(14,250)	\$(5,296)	\$225,169

The accompanying notes are an integral part of the consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Cash flows from operating activities:			
Net income.....	\$ 44,700	\$ 32,259	\$ 27,163
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation.....	8,270	6,449	5,475
Amortization.....	13,206	5,022	4,404
(Increase) decrease in receivables, net.....	892	(17,949)	(17,238)
(Increase) decrease in other current assets.....	(2,550)	(345)	1,068
(Increase) decrease in long-term accrued receivables....	(24,794)	338	(801)
Increase in other assets.....	(1,261)	(1,696)	(736)
Increase (decrease) in accounts payable.....	(2,424)	2,340	(947)
Increase (decrease) in accrued employee compensation....	(1,332)	(390)	325
Increase (decrease) in accrued liabilities.....	(9,616)	6,289	3,561
Increase in income tax liabilities.....	3,239	839	3,432
Increase in deferred revenue.....	11,932	2,644	8,459
Net cash provided by operating activities.....	40,262	35,800	34,165
Cash flows from investing activities:			
Purchases of property and equipment.....	(7,322)	(8,936)	(7,702)
Purchases of software and distribution rights.....	(6,891)	(3,702)	(7,368)
Purchase of marketable securities.....	(6,500)	(5,000)	--
Acquisition of businesses, net of cash acquired.....	(8,949)	417	(2,612)
Proceeds from sale of business.....	10,093	--	--
Additions to investments and notes receivable.....	(602)	(7,840)	(5,036)
Proceeds from notes receivable repayments.....	--	149	4,180
Net cash used in investing activities.....	(20,171)	(24,912)	(18,538)
Cash flows from financing activities:			
Proceeds from issuance of Class A Common Stock.....	1,339	971	779
Proceeds from sale and exercise of stock options.....	2,216	2,062	5,233
Purchase of Class A Common Stock.....	(14,238)	--	--
Distribution to RVS and Intranet owners.....	--	(900)	(4,320)
Payments of long-term debt.....	(2,792)	(1,585)	(1,549)
Net cash provided by (used in) financing activities...	(13,475)	548	143
Effect of exchange rate fluctuations on cash.....	218	(643)	(442)
Net increase in cash and cash equivalents.....	6,834	10,793	15,328
Cash and cash equivalents, beginning of period.....	63,648	52,855	37,527
Cash and cash equivalents, end of period.....	\$ 70,482	\$ 63,648	\$ 52,855
Supplemental cash flow information:			
Income taxes paid.....	\$ 24,039	\$ 19,653	\$ 8,848
Interest paid.....	\$ 397	\$ 304	\$ 175

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Transaction Systems Architects, Inc. (the Company or TSA) was formed on November 2, 1993, for the purpose of acquiring all of the outstanding capital stock of Applied Communications, Inc. (ACI) and Applied Communications Inc Limited (ACIL). The Company did not have substantive operations prior to the acquisition of ACI and ACIL.

The Company develops, markets and supports a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. In addition to its own products, the Company distributes software developed by third parties. The products are used principally by financial institutions, retailers and third-party processors, both in domestic and international markets.

The Company derives a substantial portion of its revenue from licensing its BASE24 family of software products and providing services and maintenance related to those products. BASE24 products operate on Compaq Inc.'s NonStop Himalaya servers. The Company's future results depend, in part, on market acceptance of Compaq's NonStop Himalaya servers and the financial success of Compaq, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES IN PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company's software license fees pricing method is transaction sensitive, whereby products are priced based upon the number of transactions processed by the customer ("transaction-based pricing"). Under this method, customers license the products by paying an Initial License Fee (ILF), where the customer pays a significant portion of the total software license fees at the beginning of the software license term, and a Monthly License Fee (MLF), where the customer pays a portion of the software license fees over the software license term. The payment of the ILF and MLF allows the customer to process a contractually predetermined maximum volume of transactions per month for a specified period of time. Once the transaction volume exceeds this maximum volume level, the customer is required to pay an additional license fee which is in the form of a Capacity License Fee (CLF), collected at the beginning of the period the customer contracts for an incremental volume level, and a Capacity Monthly License Fee (CMLF), collected over the software license term. There is a separate license fee for each incremental volume level. In addition to transaction-based pricing, the Company offers a hardware specific pricing method whereby the product is priced on a per copy basis and tiered to recognize different performance levels of the processing hardware ("designated equipment group pricing"). Under designated equipment group pricing, the customers pay a license fee (in the form of an ILF and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MLF) for each copy of the software the customers have licensed for a specified period of time. Under both the transaction-based pricing method and the designated equipment group pricing method, the Company offers a paid up front (PUF) payment option, whereby the present value of the MLF or CMLF is due at the beginning of the software license term. The standard software license term under either pricing method is typically 60 months, but may extend over a shorter or longer period. Other elements of the software licensing arrangement typically include postcontract customer support (maintenance) and, occasionally, services.

Beginning in fiscal 1999, the Company adopted American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition" (SOP 97-2). SOP 97-2 provides guidance on applying generally accepted accounting principles for software revenue recognition transactions. The primary software revenue recognition criteria outlined in SOP 97-2 include: evidence of an arrangement; delivery; fixed or determinable fees; and collectibility.

SOP 97-2 specifies that extended payment terms in a software licensing arrangement may indicate that the software license fees are not deemed to be fixed or determinable. In addition, if payment of a significant portion of the software license fees is not due until more than twelve months after delivery, the software license fees should be PRESUMED not to be fixed or determinable, and thus should be recognized as the payments become due. However, SOP 97-2 specifies that if the Company has a standard business practice of using extended payment terms in software licensing arrangements and has a history of successfully collecting the software license fees under the original terms of the software licensing arrangement without making concessions, the Company can overcome the presumption that the software license fees are not fixed or determinable. If the presumption is overcome, the Company should recognize the software license fees when all other SOP 97-2 revenue recognition criteria are met.

The Company has concluded that for certain software arrangements entered into after October 1, 1998 with extended guaranteed payment terms, the "fixed or determinable" presumption has been overcome and software license fees should be recognized upon meeting the SOP 97-2 revenue recognition criteria ("guaranteed software license fees"). The present value of the guaranteed software license fees, net of third party royalties, recognized in fiscal 1999 totaled approximately \$60.5 million. The discount rates used to determine the present value of the guaranteed software license fees, representing the Company's incremental borrowing rates, ranged from 9.5% to 10.25%. The portion of the guaranteed software license fees that has been recognized by the Company, but not yet billed, is reflected in accrued receivables in the accompanying consolidated balance sheets.

Failing to overcome the "fixed or determinable" presumption would have resulted in the Company recognizing the ILF and CLF components of the software license fees related to these certain software arrangements when the software was delivered (or in the reporting period that the incremental volume level was effective), and the MLF and CMLF components of the software license fees would have been recognized ratably over the software license term as they were billed. Software license fees revenue related to those software arrangements that would have been recognized in fiscal 1999 had the Company not been able to overcome the presumption that the software license fees were not fixed or determinable fees would have been approximately \$5.1 million.

The maintenance element of the software arrangements with extended guaranteed payment terms where the Company has determined that the software license fees are fixed or determinable have been segregated from the software license fees and are being recognized over the term of the maintenance

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreement. Maintenance fees are recognized ratably over the period maintenance is provided. Services revenues are recognized as the services are performed.

Software license fees for fiscal 1999, 1998 and 1997 consisted of the following (in thousands):

	1999	1998	1997
	-----	-----	-----
Initial license fees (ILF, CLF, PUF).....	\$ 95,002	\$123,175	\$ 98,738
Monthly license fees (MLF, CMLF).....	54,500	43,700	32,400
Guaranteed software license fees.....	60,500	--	--
	-----	-----	-----
	\$210,002	\$166,875	\$131,138
	=====	=====	=====

FACTORING OF ACCRUED RECEIVABLES

In fiscal 1998, the Company initiated a program to sell the rights to future payment streams under selected software arrangements with extended guaranteed payment terms to financing institutions on a non-recourse basis. Upon determination that 1) the Company had satisfied all of the software revenue recognition criteria and 2) the Company had surrendered control over the future payment stream to the financing institutions in accordance with Statement of Financial Accounting Standard (SFAS) No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities", the Company recognized software license fees equal to the net proceeds from these arrangements. The software license fees recognized as the result of this program in fiscal 1998 totaled approximately \$9.2 million. During fiscal 1999, the Company sold the rights to future payment streams under selected software arrangements with extended guaranteed payment terms and received cash of approximately \$30.9 million, resulting in an equivalent reduction in accrued receivables.

DEFERRED REVENUE

In certain instances, the Company collects cash from customers, or financing institutions under receivable factoring arrangements, prior to the delivery of the software product or performance of contracted maintenance or services.

SOFTWARE

The Company capitalizes certain software development costs when the resulting products reach technological feasibility and begins amortization of such costs upon the general availability of the products for licensing. Amortization of capitalized software development costs begins when the products are available for general release to customers and is computed separately for each product as the greater of (a) the ratio of current gross revenue for a product to the total of current and anticipated gross revenue for the product or (b) the straight-line method over the remaining estimated economic life of the product. Currently, estimated economic lives of three years are used on the calculation of amortization of these capitalized costs. Due to competitive pressures, it may be possible the anticipated gross revenue or remaining estimated economic life of the software products will be reduced significantly. As a result, the carrying amount of the software product may be reduced accordingly. Software development costs capitalized in fiscal 1999, 1998 and 1997 totaled \$3.6 million, \$900,000 and \$1.6 million, respectively. Amortization of internally developed software in fiscal 1999, 1998 and 1997 totaled \$1.6 million, \$1.5 million and \$900,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchased software is stated at cost and amortized using the straight-line method over three years.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives ranging from three to seven years. Assets under capital leases are amortized over the shorter of the asset life or the lease term.

INTANGIBLE ASSETS

Intangible assets consist of goodwill arising from acquisitions and are being amortized using the straight-line method over ten years. As of September 30, 1999 and 1998, accumulated amortization of the intangible assets was \$10.8 million and \$3.6 million, respectively.

TRANSLATION OF FOREIGN CURRENCIES

The Company's non-U.S. subsidiaries use as their functional currency the local currency of the countries in which they operate. Their assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during the period. Translation gains and losses, net of tax if any, are reflected in the consolidated financial statements as a component of accumulated other comprehensive income. Transaction gains and losses related to intercompany accounts are not material and are included in the determination of net income.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of less than 90 days to be cash equivalents.

FINANCIAL INSTRUMENTS WITH MARKET RISK AND CONCENTRATIONS OF CREDIT RISK

The concentration of credit risk in the Company's receivables with respect to financial services, retailers, processors and networks is mitigated by the Company's credit evaluation policy, reasonably short collection terms and geographical dispersion of sales transactions. The Company generally does not require collateral or other security to support accounts receivable.

LONG-LIVED ASSETS

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and follows the disclosure provisions of SFAS No. 123 "Accounting for Stock-Based Compensation." See Note 10 for the required disclosures under SFAS No. 123.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ACQUISITIONS

In October 1996, the Company and Open Systems Solutions, Inc. (OSSSI) completed a share exchange transaction which resulted in OSSSI becoming a wholly-owned subsidiary of the Company. Stockholders of OSSSI received 210,000 shares of TSA Class A Common Stock in exchange for 100% of OSSSI's common stock. The stock exchange was accounted for as a pooling of interests. OSSSI's results of operations prior to the acquisition were not material.

In May 1997, the Company and Regency Voice Systems, Inc. and related entities (RVS) completed a stock exchange transaction which resulted in RVS becoming a wholly-owned subsidiary of the Company. Shareholders of RVS received 1,615,383 shares of Class A Common Stock in exchange for 100% of RVS's shares. The stock exchange was accounted for as a pooling of interests. Accordingly, the Company's financial statements were restated in fiscal 1997 to include the results of RVS for all periods presented.

During fiscal 1998, the Company acquired all of the outstanding securities of IntraNet, Inc., Edgware, Inc., Coyote Systems, Inc., Professional Resources, Inc. and Smart Card Integrators Ltd. in separate transactions. These companies were principally engaged in the development and sale of electronic payments software products and services. The aggregate number of shares issued for all transactions was 1,950,136 shares of Class A Common Stock. All transactions, except for Coyote Systems, Inc. which was accounted for under the purchase method of accounting, were accounted for as pooling of interests. The excess purchase price over the estimated fair value of the net tangible assets acquired from Coyote Systems, Inc. amounted to \$1.1 million and was allocated to goodwill which is being amortized over ten years. In fiscal 1998, the Company's financial statements were restated for IntraNet, Inc. (IntraNet) for all periods presented. The results of operations prior to the acquisitions of the remaining companies were not material.

During fiscal 1999, the Company acquired all of the outstanding securities of Media Integration BV (MINT), which is located in the Netherlands. MINT's products are used to issue and manage multi-functional applications on smart cards. Shareholders of MINT received 740,000 shares of Class A Common Stock. The stock exchange was accounted for as a pooling of interests. The Company's financial statements have been restated for MINT for all periods presented.

Also during fiscal 1999, the Company acquired all of the outstanding securities of Insession, Inc., SDM International, Inc. (SDM), US Processing, Inc. (USPI) and the remaining 49% of its South African distributor (Applied Communications (Propriety) Limited) in separate transactions. These companies are principally engaged in the development and sale of electronic payments software products, services or transaction processing. All transactions were accounted for under the purchase method of accounting. The aggregate purchase price for all these transactions was 1,205,000 shares of Class A Common Stock, with a fair market value at the time of the purchases of approximately \$43 million, \$19.6 million in cash and the forgiveness of \$5.6 million of debt owed to TSA. The excess purchase price over the estimated fair value of the net tangible assets acquired amounted to \$84.5 million, of which \$66.3 million was allocated to goodwill which is being amortized over ten years and \$18.2 was allocated to software which is being amortized over three years. On September 30, 1999, the Company sold USPI for \$10.1 million in cash which approximated its carrying value.

No pro forma financial statements for the periods prior to the acquisitions have been provided due to the amounts being immaterial.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ACQUISITIONS (CONTINUED)

Combined and separate results of the Company and MINT during the periods preceding the merger are listed below (in thousands).

	THREE MONTHS	YEAR ENDED	
	ENDED DECEMBER 31, 1998	SEPTEMBER 30,	
	-----	1998	1997
	-----	-----	-----
	(UNAUDITED)		
Total revenues:			
Company.....	\$84,844	\$289,761	\$238,533
MINT.....	1,226	9,488	5,616
	-----	-----	-----
	\$86,070	\$299,249	\$244,149
	=====	=====	=====
Net income:			
Company.....	\$ 9,227	\$ 31,759	\$ 25,755
MINT.....	230	500	1,408
	-----	-----	-----
	\$ 9,457	\$ 32,259	\$ 27,163
	=====	=====	=====

Prior to their acquisitions, RVS and IntraNet were taxed primarily as a partnership and a Subchapter S corporation, respectively. In addition, prior to its acquisition, MINT's earnings were not subject to income taxes. The unaudited pro forma net income and earnings per share in the accompanying consolidated statements of income reflects a pro forma tax provision for income taxes on the results of operations of RVS, IntraNet and MINT for the periods prior to their acquisition, as listed below (in thousands):

Unaudited pro forma information:			
Net income -- historical.....	\$ 9,457	\$ 32,259	\$ 27,163
RVS tax adjustment -- pro forma.....	--	--	(507)
IntraNet tax adjustment -- pro forma...	--	(633)	(843)
MINT tax adjustment -- pro forma.....	(87)	(194)	(535)
	-----	-----	-----
Net income -- pro forma.....	\$ 9,370	\$ 31,432	\$ 25,278
	=====	=====	=====

4. MARKETABLE SECURITIES

In April 1998, the Company entered into a transaction with Nestor, Inc. (Nestor), whereby the Company acquired 2.5 million shares of Nestor's Common Stock for \$5.0 million. In addition, the Company received warrants to purchase an additional 2.5 million shares at an exercise price of \$3 per share. Nestor is a provider of neural-network solutions for financial, internet and transportation industries. The Company distributes Nestor's PRISM intelligent fraud detection product.

In June 1999, the Company entered into a transaction with Digital Courier Technologies, Inc. (DCTI), whereby the Company acquired 1.25 million shares of DCTI's Common Stock for \$6.5 million. In addition, the Company received warrants to purchase an additional 1.0 million shares at an exercise price of \$5.20 per share. DCTI supplies financial institutions, businesses and major web portals with e-commerce, payments processing and content delivery software.

The Company has accounted for the investment in Nestor and DCTI Common Stock in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. MARKETABLE SECURITIES (CONTINUED)

and Equity Securities". The investments in marketable securities have been classified as available-for-sale and recorded at fair market value, which is estimated based on quoted market prices. Net unrealized holding gains and losses, net of the related tax effect, are reflected in the consolidated financial statements as a component of accumulated other comprehensive income. Gains and losses are determined by specific identification.

5. COMPREHENSIVE INCOME

In fiscal 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income", which establishes standards for reporting and display of comprehensive income and its components in a financial statement for the period in which they are recognized. The Company's components of accumulated other comprehensive income were as follows (in thousands):

	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	UNREALIZED INVESTMENT HOLDING LOSS	ACCUMULATED OTHER COMPREHENSIVE INCOME
	-----	-----	-----
Balance, September 30, 1996.....	\$ (236)	\$ --	\$ (236)
Fiscal 1997 activity.....	(24)	--	(24)
	-----	-----	-----
Balance, September 30, 1997.....	(260)	--	(260)
Fiscal 1998 activity.....	(1,815)	(2,812)	(4,627)
	-----	-----	-----
Balance, September 30, 1998.....	(2,075)	(2,812)	(4,887)
Fiscal 1999 activity.....	(178)	(231)	(409)
	-----	-----	-----
Balance, September 30, 1999.....	\$(2,253)	\$(3,043)	\$(5,296)
	=====	=====	=====

Since the Company has established an asset valuation allowance against its net deferred tax assets, the components of accumulated other comprehensive income have not been tax affected.

6. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding plus the dilutive effect of outstanding stock options using the "treasury stock" method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. EARNINGS PER SHARE (CONTINUED)

The following table sets forth the computation of basic and diluted earnings per share:

(IN THOUSANDS, EXCEPT PER SHARE DATA)	1999	1998	1997
Net income.....	\$44,700	\$32,259	\$27,163
Unaudited net income -- pro forma.....	\$44,613	\$31,432	\$25,278
Weighted average shares outstanding.....	31,667	30,298	29,829
Dilutive effect of stock options.....	696	895	878
Diluted shares outstanding.....	32,363	31,193	30,707
Basic earnings per share -- pro forma.....	\$ 1.41	\$ 1.04	\$ 0.85
Diluted earnings per share -- pro forma.....	\$ 1.38	\$ 1.01	\$ 0.82

For fiscal years 1999, 1998 and 1997, weighted average shares from stock options of 96,025, 25,833 and 17,872, respectively have been excluded from the computation of diluted earnings per share because the exercise price of the stock options were greater than the average market price of the common shares.

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	SEPTEMBER 30,	
	1999	1998
Computer equipment.....	\$ 38,321	\$ 32,496
Office furniture and fixtures.....	8,439	7,196
Leasehold improvements.....	6,058	4,050
Vehicles.....	639	779
Less accumulated depreciation and amortization.....	(53,457)	(44,521)
Property and equipment, net.....	\$ 20,754	\$ 21,001

8. SOFTWARE

Software consists of the following (in thousands):

	SEPTEMBER 30,	
	1999	1998
Internally developed software.....	\$ 10,905	\$ 7,328
Purchased software.....	39,663	16,960
Less accumulated amortization.....	(50,568)	(24,288)
Software, net.....	\$ 25,835	\$ 7,172

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company leases office space and equipment under operating leases which run through February 2011. Aggregate minimum lease payments under these agreements for the years ending September 30 are as follows (in thousands):

2000.....	\$ 9,029
2001.....	7,977
2002.....	6,336
2003.....	5,604
2004.....	4,641
Thereafter.....	13,638

Total.....	\$47,225
	=====

Total rent expense for the fiscal years ended September 30, 1999, 1998 and 1997 was, \$12,556,000, \$9,738,000 and \$8,739,000, respectively.

LEGAL PROCEEDINGS

On June 14, 1999, HNC Software Inc. filed a complaint against the Company and its wholly-owned subsidiary, ACI Worldwide, Inc. in the United States District Court for the Southern District of California, San Diego Division. The complaint alleges, among other things, patent infringement, unfair competition, false advertising, and trade libel relating to ACI Worldwide's distribution of PRISM, a fraud detection software product. ACI distributes PRISM pursuant to a license agreement with Nestor, Inc., a company in which TSA is a minority stockholder. The complaint seeks injunctive relief and unspecified damages including treble damages, costs, attorneys' fees and various other forms of relief. On November 25, 1998, Nestor had itself filed a complaint in the United States District Court for the District of Rhode Island against HNC Software alleging, among other things, infringement of a patent relating to PRISM and antitrust violations. HNC Software has filed a counterclaim in the Rhode Island lawsuit alleging infringement by Nestor of HNC Software's patents which claims are essentially the same as those filed by HNC Software against the Company and ACI Worldwide in the San Diego lawsuit. Neither the Company nor ACI Worldwide was a party to the Rhode Island lawsuit. However, because the same patents and the same products are at issue in both lawsuits, the Company and ACI Worldwide are seeking to have the San Diego lawsuit transferred to Rhode Island and consolidated with the proceedings there. Whatever the final procedural posture of the lawsuit, the Company intends to vigorously defend against HNC Software's allegations.

In addition, from time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. The Company is not currently a party to any legal proceedings the adverse outcome of which, individually or in the aggregate, would have a material adverse effect on the Company's financial condition or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK-BASED COMPENSATION PLANS

STOCK INCENTIVE PLANS

The Company has a 1994 Stock Option Plan whereby 1,910,976 shares of the Company's Class B Common Stock have been reserved for issuance to eligible employees of the Company and its subsidiaries. Shares issuable upon exercise of these options will be Class A Common Stock. The stock options are granted at a price set by the Board of Directors provided that the minimum price shall be \$2.50 per share for 955,488 shares and \$5 per share for 955,488 shares. The term of the outstanding options is ten years. The stock options vest ratably over a period of four years.

The Company has a 1996 and 1999 Stock Option Plan whereby a total of 2,008,000 shares of the Company's Class A Common Stock have been reserved for issuance to eligible employees of the Company and its subsidiaries and non-employee members of the Board of Directors. The stock options are granted at a price not less than fair market value of the Company's Class A Common Stock at the time of the grant. The term of the outstanding options is ten years. The options vest annually over a period of four years.

The Company has a 1997 Management Stock Option Plan whereby 1,050,000 shares of the Company's Class A Common Stock have been reserved for issuance to eligible management employees of the Company and its subsidiaries. The stock options are granted at a price not less than fair market value of the Company's Class A Common Stock at the time of the grant and require the participant to pay \$3 for each share granted. The term of the outstanding options is ten years. The options vest annually over a period of four years.

A summary of the stock options issued under the Stock Incentive Plans previously described and changes during the years ending September 30 are as follows:

	1999		1998		1997	
	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding on October 1,	2,811,507		2,794,437	\$16.82	1,731,439	\$ 7.18
Granted.....	894,890	\$30.57	387,650	\$34.30	1,387,567	\$26.27
Exercised.....	285,445	\$ 7.53	325,371	\$ 6.35	283,862	\$ 4.57
Cancellations.....	67,978	\$31.76	45,209	\$25.20	40,707	\$13.83
	-----		-----		-----	
Outstanding on September 30.....	3,352,974	\$23.91	2,811,507	\$20.30	2,794,437	\$16.82
	=====		=====		=====	
Options exercisable at end of year.....	1,497,100	\$17.09	1,275,778	\$11.19	909,429	\$ 5.04
Shares available on September 30 for options that may be granted.....	347,375		174,287		516,728	
Weighted-average grant date fair value of options granted during the year -- exercise price equals stock market price at grant.....		\$14.10		\$17.74		\$13.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK-BASED COMPENSATION PLANS (CONTINUED)

The following table summarizes information about stock options outstanding at September 30, 1999.

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$2.50.....	244,273	4.36	\$ 2.50	244,273	\$ 2.50
\$5.00.....	383,455	5.09	5.00	383,330	5.00
\$7.50 to \$9.75.....	10,397	5.43	7.93	10,397	7.93
\$12.00 to \$16.50.....	16,917	6.18	14.19	15,833	14.11
\$20.25 to \$25.875.....	1,157,434	7.33	24.40	594,725	24.43
\$26.4375 to \$31.625.....	901,228	9.39	30.23	41,546	29.70
\$32.0625 to \$35.75.....	529,595	8.31	33.27	186,743	33.28
\$36.00 to \$45.00.....	109,675	8.58	38.28	20,253	38.24
	-----	----	-----	-----	-----
	3,352,974	7.60	\$23.91	1,497,100	\$17.09
	=====	=====	=====	=====	=====

EMPLOYEE STOCK PURCHASE PLAN

The Company has a 1996 and 1999 Employee Stock Purchase Plan whereby a total of 1,150,000 shares of the Company's Class A Common Stock have been reserved for sale to eligible employees of the Company and its subsidiaries. Employees may designate up to the lesser of \$5,000 or 10% of their annual compensation for the purchase of stock under these plans. The price for shares purchased under the plan is 85% of market value the lower of the first or last day of the purchase period. Purchases are made at the end of each fiscal quarter. Shares issued under these plans for the years ended September 30, 1999, 1998 and 1997 totaled 48,148, 30,881 and 27,748, respectively.

STOCK-BASED COMPENSATION PLANS

The Company adopted the disclosure provisions of SFAS No. 123. No compensation cost has been recognized for the stock incentive plans.

Had compensation expense for the Company's stock-based compensation plans been based on the fair value of the stock options at the grant dates for awards under those plans consistent with the fair value based method of SFAS No. 123, the Company's net income and net income per common and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK-BASED COMPENSATION PLANS (CONTINUED)

equivalent share for fiscal 1999, 1998 and 1997 would approximate the pro forma amounts as follows (in thousands, except per share amounts):

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Net income--historical:			
As reported.....	\$44,700	\$32,259	\$27,163
Pro forma.....	42,820	30,233	25,850
Unaudited net income--pro forma:			
As reported.....	44,613	31,432	25,278
Pro forma.....	42,733	29,406	23,965
Pro forma net income per share--basic.....	\$ 1.35	\$ 0.97	\$ 0.80
Pro forma net income per share--diluted.....	\$ 1.32	\$ 0.94	\$ 0.78

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999	1998	1997
Expected life.....	5.8	5.8	5.8
Interest rate.....	5.7%	5.5%	6.3%
Volatility.....	38%	39%	38%
Dividend yield.....	--	--	--

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 applies only to options granted since fiscal year 1996, and additional awards in future years are anticipated.

11. EMPLOYEE BENEFIT PLANS

TSA 401(k) RETIREMENT PLAN

The 401(k) Retirement Plan is a defined contribution plan covering all domestic employees of TSA. Participants may contribute up to 15% of their annual wages. Beginning January 1, 1998, TSA began matching 160% of participant contributions up to a maximum of 2.5% of compensation, not to exceed \$2,500. Prior to January 1, 1998, TSA matched 100% of participants contributions up to a maximum of 2.5%. TSA's contributions charged to expense during the years ended September 30, 1999, 1998 and 1997 were \$2,318,000, \$1,197,000 and \$489,000, respectively.

ACI PROFIT SHARING PLAN AND TRUST

The Company had a Profit Sharing Plan and Trust which was a non-contributory profit sharing plan covering all employees of ACI provided they were at least 21 years of age and had completed one year of service. Effective October 1, 1997 the ACI Profit Sharing Plan and Trust was merged into the 401(k) Retirement Plan. The plan provided for ACI to contribute a discretionary amount as determined annually by the Company's President and Chief Financial Officer. ACI's contributions charged to expense during the fiscal year ended September 30, 1997 was \$480,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

TSA DEFERRED COMPENSATION PLAN

Effective January 1, 1999, the Company adopted a Deferred Compensation Plan for a select group of management or highly compensated employees who elect to participate in the plan. No company contributions are made to the plan and participants are 100% vested in their contributions.

ACIL PENSION PLAN

ACIL has a defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and the employees' compensation during employment. Contributions to the plan are determined by an independent actuary on the basis of periodic valuations using the projected unit cost method. Participants contribute 5% of their pensionable salaries and ACIL contributes at the rate of 10% of pensionable salaries. Net periodic pension expense includes the following components (in thousands):

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Service cost.....	\$2,301	\$ 1,666	\$ 1,307
Interest cost on projected benefit obligation.....	1,156	1,192	830
Return on plan assets:			
Actual and gain deferred.....	(1,657)	(1,501)	(1,055)
Amortization of unrecognized gain.....	136	(85)	3
Total periodic pension expense.....	\$1,936	\$ 1,272	\$ 1,085

The following table summarizes the funded status of the plan and the related amounts recognized in the Company's consolidated balance sheet (in thousands):

	SEPTEMBER 30,	
	1999	1998
Projected benefit obligation.....	\$23,339	\$18,439
Plan assets at fair value, primarily investments in marketable equity securities of United Kingdom companies.....	22,776	17,467
Plan assets less than projected benefit obligation.....	(563)	(972)
Unrecognized gain.....	(1,682)	(826)
Accrued pension cost.....	\$(2,245)	\$(1,798)

The most significant actuarial assumptions used in determining the pension expense and funded status of the plan are as follows:

	1999	1998	1997
Discount rate for valuing liabilities.....	6.25%	6.0%	8.0%
Expected long-term rate of return on assets.....	9.25%	7.0%	9.0%
Rate of increase in future compensation levels.....	3.75%	3.5%	6.0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. TREASURY STOCK

In fiscal 1999, the Company acquired 475,000 shares of its Class A Common Stock at an average cost of \$29.98 per share in connection with a stock repurchase program announced in May 1999. The program authorized the Company to purchase up to 2,000,000 common shares from time to time through February 2000 for cash at market prices in open market, negotiated or block transactions. The purpose of the stock repurchase program is to replace the shares issued in the SDM acquisition completed in July 1999, and to fund a reserve of shares for future employee stock options grants, acquisitions or other corporate purposes.

13. SEGMENT INFORMATION

The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" in fiscal 1999. The Company has a single operating segment encompassing the development, marketing, installation and technical support of a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. The Company's chief operating decision makers review financial information, presented on a consolidated basis, accompanied by disaggregated information about revenue and contribution margin by product, as organized into four line-of-business groups, and revenue and contribution margin by geographic area.

The Company's four line-of-business groups are Consumer Banking, Corporate Banking, Retail Solutions and System Solutions. Products are developed by the line-of-business groups and are sold and supported through three distribution networks covering the geographic areas of the Americas, Europe/Middle East/Africa (EMEA) and Asia/Pacific. The Company allocates resources to and evaluates performance of its lines-of-business groups and geographic areas based upon revenue and contribution margin.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. SEGMENT INFORMATION (CONTINUED)

The following is revenues and contribution margin for the Company's four lines-of-business groups for fiscal years 1999, 1998 and 1997:

	1999	1998	1997
	-----	-----	-----
Revenues:			
Consumer Banking.....	\$256,430	\$215,947	\$175,014
Corporate Banking.....	30,061	30,825	31,063
Retail Solutions.....	22,579	23,023	16,476
Systems Solutions.....	45,724	29,454	21,596
	-----	-----	-----
	\$354,794	\$299,249	\$244,149
	=====	=====	=====
Contribution margin from lines-of-business groups:			
Consumer Banking.....	\$219,803	\$186,364	
Corporate Banking.....	7,807	7,595	
Retail Solutions.....	5,763	10,108	
Systems Solutions.....	40,552	25,966	
	-----	-----	
	\$273,925	\$230,033	
	=====	=====	
Profit reconcilliation:			
Contribution margin from lines-of-business groups.....	\$273,925	\$230,033	
Direct costs for geographic areas:			
Americas.....	(86,725)	(64,860)	
EMEA.....	(64,729)	(59,474)	
Asia/Pacific.....	(19,257)	(20,724)	
Corporate expenses.....	(32,944)	(33,487)	
	-----	-----	
Operating Income.....	\$ 70,260	\$ 51,488	
	=====	=====	

The Company does not track assets by line-of-business group. Direct costs for lines-of-business groups for fiscal 1997 are not available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. SEGMENT INFORMATION (CONTINUED)

The following is revenue, contribution margin and long-lived assets for the Company's three geographic areas for fiscal years 1999, 1998 and 1997:

	1999	1998	1997
	-----	-----	-----
Revenues:			
United States.....	\$167,236	\$134,506	\$112,455
Americas -- other.....	43,070	39,564	33,370
	-----	-----	-----
Total Americas.....	210,306	174,070	145,825
EMEA.....	113,096	96,979	70,408
Asia/Pacific.....	31,392	28,200	27,916
	-----	-----	-----
	\$354,794	\$299,249	\$244,149
	=====	=====	=====
Contribution margin from geographic areas:			
Total Americas.....	\$123,581	\$109,210	\$ 91,061
EMEA.....	48,367	37,505	6,722
Asia/Pacific.....	12,125	7,476	5,448
	-----	-----	-----
	\$184,073	\$154,191	\$103,231
	=====	=====	=====
Profit Reconciliation:			
Contribution margin for geographic areas.....	\$184,073	\$154,191	
Direct Costs for lines-of-business groups:			
Consumer Banking.....	(36,627)	(29,583)	
Corporate Banking.....	(22,254)	(23,230)	
Systems Solutions.....	(16,816)	(12,915)	
Retail Solutions.....	(5,172)	(3,488)	
Corporate expenses.....	(32,944)	(33,487)	
	-----	-----	
Operating Income.....	\$ 70,260	\$ 51,488	
	=====	=====	
Long-lived assets:			
Americas (primarily United States).....	\$103,425	\$ 47,044	\$ 35,072
EMEA.....	11,520	10,530	9,937
Asia/Pacific.....	1,620	1,255	1,408
	-----	-----	-----
	\$116,555	\$ 58,829	\$ 46,417
	=====	=====	=====

No single customer accounted for more than 10% of the Company's consolidated revenue during fiscal years 1999, 1998 and 1997.

14. INCOME TAXES

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 is an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events which have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, SFAS No. 109 generally considers all expected future events other than enactments or changes in the tax law or rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. INCOME TAXES (CONTINUED)

The provision for income taxes consists of the following (in thousands):

	FOR THE YEAR ENDED SEPTEMBER 30,								
	1999			1998			1997		
	CURRENT	DEFERRED	TOTAL	CURRENT	DEFERRED	TOTAL	CURRENT	DEFERRED	TOTAL
Federal.....	\$18,360	\$(2,413)	\$15,947	\$13,433	\$(1,212)	\$12,221	\$ 7,022	\$1,355	\$ 8,377
State.....	3,171	(341)	2,830	2,252	(257)	1,995	1,905	240	2,145
Foreign.....	8,393	--	8,393	5,260	--	5,260	3,803	--	3,803
Total.....	\$29,924	\$(2,754)	\$27,170	\$20,945	\$(1,469)	\$19,476	\$12,730	\$1,595	\$14,325

The difference between the income tax provision computed at the statutory federal income tax rate and the financial statement provision for income taxes is summarized as follows:

	FOR THE YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Tax expense at federal rate of 35%.....	\$25,155	\$17,932	\$14,028
Losses with no current tax benefit.....	240	22	1,503
Effective state income tax.....	2,112	1,508	1,394
Foreign tax rate differential.....	1,097	385	1,160
RVS nontaxable income.....	--	--	(663)
IntraNet nontaxable income.....	--	(564)	(766)
Recognition of deferred income tax assets previously reserved against.....	(3,235)	(830)	(2,979)
Amortization of intangibles.....	1,269	--	--
Transaction related expenses.....	239	461	--
Other.....	293	562	648
	\$27,170	\$19,476	\$14,325

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. INCOME TAXES (CONTINUED)

The deferred tax assets and liabilities result from differences in the timing of the recognition of certain income and expense items for tax and financial accounting purposes. The sources of these differences are as follows (in thousands):

	SEPTEMBER 30,	
	1999	1998
Deferred assets:		
Depreciation.....	\$ 138	\$ 167
Amortization.....	3,807	4,822
Foreign taxes.....	2,082	1,122
Acquired net operating loss carryforward of USSI.....	1,575	1,167
Net operating loss carryforward.....	3,004	1,058
Acquired basis in partnership assets.....	5,518	6,016
Unrealized investment holding loss.....	1,184	1,094
Other.....	1,376	1,140
	-----	-----
	\$ 18,684	16,586
	-----	-----
Deferred tax asset valuation allowance.....	(11,216)	(11,665)
	-----	-----
Deferred liabilities:		
Acquired Software.....	(5,953)	--
Other.....	(254)	(288)
	-----	-----
	(6,207)	(288)
	-----	-----
	\$ 1,261	\$ 4,633
	=====	=====

At September 30, 1999 management evaluated its 1999 and 1998 operating results as well as its future tax projections and concluded that it was more likely than not that certain of the deferred tax assets would be realized. Accordingly, the Company has recognized a deferred tax asset of \$7.5 million as of September 30, 1999.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

See the Proxy Statement for the Company's 2000 Annual Meeting of Stockholders, which information is incorporated herein by reference. Certain information with respect to persons who are or may be deemed to be executive officers of the registrant is set forth under the caption "Executive Officers of the Registrant" in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

See the Proxy Statement for the Company's 2000 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the Proxy Statement for the Company's 2000 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See the Proxy Statement for the Company's 2000 Annual Meeting of Stockholders, which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES & REPORTS ON FORM 8-K

(1) FINANCIAL STATEMENTS

The financial statements filed as part of this report are listed on the Index to Financial Statements on page 24.

(2) FINANCIAL STATEMENT SCHEDULES:

Index to Consolidated Financial Statement Schedules

PAGE

Report of Independent Public Accountants.....	57
Schedule II -- Valuation and Qualifying Accounts.....	58

All other Schedules have been omitted because the required information is shown in the consolidated financial statements or notes thereto or they are not applicable.

(3) REPORTS ON FORM 8-K

None.

(4) EXHIBITS:

EXHIBIT NUMBER	DESCRIPTION
2.01(2)	Senior Convertible Preferred Stock and Warrant Purchase Agreement among ACI Holding, Inc. and the Several Named Purchasers Named therein, dated as of December 31, 1993
2.02(2)	Stock Purchase Agreement between and among Tandem Computers Incorporated, Tandem Computers Limited, Applied Communications, Inc., Applied Communications Inc Limited and ACI Holding, Inc., dated November 8, 1993, and amendments thereto
2.03(2)	Stock Purchase Agreement between and among U S Software Holding, Inc., Michael J. Scheier, Trustee, Michael J. Scheier and ACI Holding, Inc., dated December 13, 1993, and amendments thereto
2.04(2)	Stock and Warrant Holders Agreement, dated as of December 30, 1993
2.05(2)	Credit Agreement among ACI Transub, Inc., ACI Holding, Inc., certain lenders and Continental Bank N.A., as Agent, dated December 31, 1993, including Amendment No. 1 to Credit Agreement and Amendment No. 2 to Credit Agreement and Consent
2.06(2)	Letter Agreement among ACI Holding, Inc., Alex. Brown and Sons, Incorporated and Kirkpatrick Pettis Smith Polian, Inc., and amendment thereto
2.07(2)	ACI Management Group Investor Subscription Agreement, dated as of December 30, 1993
2.08(3)	Asset Purchase Agreement Between 1176484 Ontario Inc. and TXN Solution Integrations dated June 3, 1996
2.09(4)	Stock Exchange Agreement by and among the Company, Grapevine Systems, Inc. and certain principal shareholders of Grapevine Systems, Inc., dated as of July 15, 1996
2.10(9)	Stock Exchange Agreement dated April 17, 1997 by and among the Company and Regency Voice Systems, Inc. and related entities.
2.11(10)	Agreement and Plan of Merger dated April 27, 1998 among the Company, I.N. Acquisition Corp. and IntraNet
3.01(2)	Amended and Restated Certificate of Incorporation of the Company, and amendments thereto
3.02	Amended and Restated Bylaws of the Company, and First Amendment thereto
4.01(2)	Form of Common Stock Certificate
10.01(2)	ACI Holding, Inc. 1994 Stock Option Plan and UK Sub-Plan
10.02(2)	ACI Holding, Inc. Employees Stock Purchase Plan
10.03(2)	Applied Communications, Inc. First Restated Profit Sharing Plan and Trust
10.04(2)	Applied Communications, Inc. Profit Sharing/401(k) Plan and Amendment No. 1 thereto
10.05(2)	U.S. Software, Inc. Profit Sharing Plan and Trust
10.06(7)	Consulting Agreement between Transaction Systems Architects, Inc. and Michael J. Scheier and U.S. Software Holding dated December 31, 1995
10.07(12)	Transaction Systems Architects, Inc. 1996 Stock Option Plan (10.08-10.12 intentionally omitted.)
10.13(2)	Voting Agreement among ACI Holding, Inc. and certain investors, dated as of December 30, 1993
10.14(2)	Registration Rights Agreement between ACI Holding, Inc. and certain stockholders, dated December 30, 1993

EXHIBIT
NUMBER

DESCRIPTION

EXHIBIT NUMBER	DESCRIPTION
	(10.15-10.16 intentionally omitted.)
10.17(2)	Lease respecting facility at 330 South 108th Avenue, Omaha, Nebraska
10.18(2)	Lease respecting facility at 218 South 108th Avenue, Suite 3, Omaha, Nebraska
10.19(2)	Lease respecting facility at 230 South 108th Avenue, Suite 3, Omaha, Nebraska
10.20(2)	Lease respecting facility at 230 South 108th Avenue (North half), Omaha, Nebraska
10.21(5)	Lease respecting facility at 206 South 108th Avenue, Omaha, Nebraska
10.22(2)	Lease respecting facility at 2200 Abbott Drive, Carter Lake, Iowa
10.23(5)	Lease respecting facility at 182 Clemenceau Avenue, Singapore
10.24(8)	Transaction Systems Architects, Inc. 1997 Management Stock Option Plan
10.25(1)	Leases respecting facility at 55 and 59 Clarendon Road, Watford, United Kingdom
10.26(6)	Revolving Conditional Line of Credit Agreement with Norwest Bank Nebraska, N.A.
10.27(2)	Software House Agreement, as amended, between Tandem Computers Incorporated and Applied Communications, Inc.
10.28(1)	Lease respecting facility at 236 South 108th Avenue, Suite 2, Omaha, Nebraska
10.29(3)	Second Amendment to Software House Agreement between Tandem Computers Incorporated and Applied Communications, Inc.
10.30(11)	Transaction Systems Architects, Inc. Deferred Compensation Plan
10.31(11)	Transaction Systems Architects, Inc. Deferred Compensation Plan Trust Agreement
10.32	Severance Compensation Agreements between Transaction Systems Architects, Inc. and certain employees
21.01(4)	Subsidiaries of the Company
23.01	Consent of Independent Public Accountants
27.00	Financial Data Schedule
99.01	Safe Harbor for Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995

- (1) Incorporated by reference to the exhibit of the same number to the Registration Statement No. 33-94338 on Form S-1.
- (2) Incorporated by reference to the exhibit of the same number to the Registrant's Registration Statement No. 33-88292 on Form S-1.
- (3) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K dated June 3, 1996.
- (4) Incorporated by reference to the exhibit of the same number to the Registrant's Registration Statement No. 333-09811 on Form S-4.
- (5) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1995.
- (6) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1996.
- (7) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended December 31, 1995.
- (8) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997.
- (9) Incorporated by reference to the exhibit of the same number to the Registrants Current Report on Form 8 K dated May 13, 1997.
- (10) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K dated August 7, 1998.
- (11) Incorporated by reference to exhibits 4.1 and 4.2 to the Registration Statement No. 333-67987 on Form S-8.
- (12) Incorporated by reference to the exhibit with the same number to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on December 23, 1999.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By /s/ WILLIAM E. FISHER

William E. Fisher
DIRECTOR AND CHAIRMAN OF THE BOARD

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on December 23, 1999:

/s/ DAVID C. RUSSELL ----- David C. Russell	Director and President (Principal Executive Officer)
/s/ WILLIAM E. FISHER ----- William E. Fisher	Director and Chairman of the Board
/s/ GREGORY J. DUMAN ----- Gregory J. Duman	Chief Financial Officer (Principal Financial Officer)
/s/ DWIGHT HANSON ----- Dwight Hanson	Vice President (Principal Accounting Officer)
/s/ PROMOD HAQUE ----- Promod Haque	Director
/s/ CHARLES E. NOELL, III ----- Charles E. Noell, III	Director
/s/ JIM D. KEVER ----- Jim D. Kever	Director
/s/ LARRY G. FENDLEY ----- Larry G. Fendley	Director

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE OF
TRANSACTION SYSTEMS ARCHITECTS, INC.

To the Board of Directors of
Transaction Systems Architects, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Transaction Systems Architects, Inc. and Subsidiaries included in this Form 10-K and have issued our report thereon dated October 28, 1999. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of Transaction Systems Architects, Inc. listed in Item 14 of Part IV of this Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Omaha, Nebraska,
October 28, 1999

SCHEDULE II

TRANSACTION SYSTEMS ARCHITECTS, INC.
 VALUATION AND QUALIFYING ACCOUNTS
 ALLOWANCE FOR DOUBTFUL ACCOUNTS
 (IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Balance, beginning of period.....	\$5,148	\$ 2,298	\$1,168
Additions charged to expense.....	3,758	4,746	1,512
Reductions.....	(1,655)	(1,896)	(382)
Balance, end of period.....	<u>\$7,251</u>	<u>\$ 5,148</u>	<u>\$2,298</u>

EXHIBIT INDEX

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2.04(2)	Stock and Warrant Holders Agreement, dated as of December 30, 1993
2.05(2)	Credit Agreement among ACI Transub, Inc., ACI Holding, Inc., certain lenders and Continental Bank N.A., as Agent, dated December 31, 1993, including Amendment No. 1 to Credit Agreement and Amendment No. 2 to Credit Agreement and Consent
2.06(2)	Letter Agreement among ACI Holding, Inc., Alex. Brown and Sons, Incorporated and Kirkpatrick Pettis Smith Polian, Inc., and amendment thereto
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2.10(9)	Stock Exchange Agreement dated April 17, 1997 by and among the Company and Regency Voice Systems, Inc. and related entities.
2.11(10)	Agreement and Plan of Merger dated April 27, 1998 among the Company, I.N. Acquisition Corp. and IntraNet
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3.02	Amended and Restated Bylaws of the Company, and First Amendment thereto
4.01(2)	Form of Common Stock Certificate
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10.02(2)	ACI Holding, Inc. Employees Stock Purchase Plan
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10.23(5)	Lease respecting facility at 182 Clemenceau Avenue, Singapore
10.24(8)	Transaction Systems Architects, Inc. 1997 Management Stock Option Plan
10.25(1)	Leases respecting facility at 55 and 59 Clarendon Road, Watford, United Kingdom
10.26(6)	Revolving Conditional Line of Credit Agreement with Norwest Bank Nebraska, N.A.
10.27(2)	Software House Agreement, as amended, between Tandem Computers Incorporated and Applied Communications, Inc.
10.28(1)	Lease respecting facility at 236 South 108th Avenue, Suite 2, Omaha, Nebraska
10.29(3)	Second Amendment to Software House Agreement between Tandem Computers Incorporated and Applied Communications, Inc.
10.30(11)	Transaction Systems Architects, Inc. Deferred Compensation Plan
10.31(11)	Transaction Systems Architects, Inc. Deferred Compensation Plan Trust Agreement
10.32	Severance Compensation Agreements between Transaction Systems Architects, Inc. and certain employees
21.01(4)	Subsidiaries of the Company
23.01	Consent of Independent Public Accountants
27.00	Financial Data Schedule
99.01	Safe Harbor for Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995

- (1) Incorporated by reference to the exhibit of the same number to the Registration Statement No. 33-94338 on Form S-1.
- (2) Incorporated by reference to the exhibit of the same number to the Registrant's Registration Statement No. 33-88292 on Form S-1.
- (3) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K dated June 3, 1996.
- (4) Incorporated by reference to the exhibit of the same number to the Registrant's Registration Statement No. 333-09811 on Form S-4.
- (5) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1995.
- (6) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1996.
- (7) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended December 31, 1995.
- (8) Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1997.
- (9) Incorporated by reference to the exhibit of the same number to the Registrants Current Report on Form 8 K dated May 13, 1997.
- (10) Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K dated August 7, 1998.
- (11) Incorporated by reference to exhibits 4.1 and 4.2 to the Registration Statement No. 333-67987 on Form S-8.
- (12) Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996.

ACI HOLDING, INC.

BY-LAWS

Dated as of
November 5, 1993

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BY-LAWS

OFFICES

1. DELAWARE. The Corporation's registered office in the State of Delaware shall be in the City of Wilmington, County of New Castle, State of Delaware, and the name of the registered agent in charge thereof is The Corporation Trust Company.

2. OTHER OFFICES. The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

STOCKHOLDERS' MEETINGS

3. PLACE. Meetings of the stockholders shall be held at such place as the Board of Directors shall determine.

4. ANNUAL MEETING. The annual meeting of the stockholders for the election of Directors, the receiving of reports and the transaction of such other business as may properly be brought before the meeting shall be held on such date and at such time as the Board of Directors determines.

5. SPECIAL MEETINGS. Special meetings of the stockholders for any purpose may be called by the Chairman of the Board of Directors (the "Chairman") and shall be promptly called by the Chairman or by the Secretary at the written request of a majority of the Board of Directors upon not fewer than 10 nor more than 60 days' written notice. The request shall be sent to the Chairman and the Secretary and shall state the purposes of the proposed meeting. Special meetings of holders of the outstanding Preferred Stock may be called in the manner and for the purposes provided in the resolutions of the Board of Directors providing for the issue of such stock (a "Preferred Stock Designation"). Business transacted at special meetings shall be confined to the purposes stated in the notice.

6. NOTICE OF STOCKHOLDER BUSINESS. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly be requested to be brought before the meeting by a stockholder. For business to be properly requested to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 80 days prior to the meeting; provided, however, that in the event that the date of the meeting is not publicly announced by the Corporation by mail, press release or

otherwise more than 90 days prior to the meeting, notice by the stockholder to be timely must be delivered to the Secretary of the Corporation not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was communicated to stockholders. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 6. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 6, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

7. INSPECTORS. The Board of Directors shall appoint inspectors of election to act as judges of the voting and to determine those entitled to vote at any stockholders' meeting, or any adjournment thereof, in advance of such meeting, but if the Board of Directors fails to make such appointments or if an appointee fails to serve, the chairman of the stockholders' meeting may appoint substitute inspectors.

8. QUORUM. Except as otherwise provided in a Preferred Stock Designation, the holders of stock having a majority of voting power entitled to vote at any stockholders' meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business thereat. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time without notice, other than announcement at the meeting of the time and place of the adjourned meeting, until the requisite amount of voting stock shall be present or represented or the meeting has been adjourned permanently. At such adjourned meeting, at which the requisite amount of voting stock shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally called.

9. VOTING. At each meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote in person or by proxy appointed by a legally sufficient instrument. The vote for Directors, the vote upon any questions set forth in the Proxy Statement for the meeting and the vote upon any other action of business at the discretion of the chairman of the stockholders' meeting shall be by written ballot. The vote upon any other question before the meeting shall be by written ballot upon the demand of stockholders voting at least 15% of the shares represented at the meeting. All questions, except election or removal of Directors or as otherwise provided in these By-Laws, the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") or the

Preferred Stock Designation for any series of Preferred Stock, shall be decided by a majority vote of those shares present or represented and voting, and, with respect to any election or question to be decided by any class of stock voting as a class, by a majority vote of those shares present or represented and voting of that class.

10. LIST OF STOCKHOLDERS. A complete list of the stockholders entitled to vote at any meeting shall be available for examination by such persons for any proper purpose, for such period of time and at such place as is required by law.

11. ORDER OF BUSINESS. Unless otherwise determined by the Board of Directors prior to the meeting, the chairman of the stockholders' meeting shall determine the order of business and shall have the authority in his discretion to regulate the conduct of any such meeting, including, without limitation, by imposing restrictions on the persons (other than stockholders of the Corporation or their duly appointed proxies) who may attend any such stockholders' meeting, whether any stockholder or his proxy may be excluded from any stockholders' meeting based upon any determination by the chairman, in his sole discretion, that any such person has unduly disrupted or is likely to disrupt the proceedings thereat, and the circumstances in which any person may make a statement or ask questions at any stockholders' meeting.

NOMINATION OF DIRECTOR CANDIDATES

12. NOTIFICATION OF NOMINEES. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of Directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally. However, any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been received by the Secretary of the Corporation not less than 80 days in advance of such meeting; provided, however, that in the event that the date of the meeting was not publicly announced by the Corporation by mail, press release or otherwise more than 90 days prior to the meeting, notice by the stockholder to be timely must be delivered to the Secretary of the Corporation not later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was communicated to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the

stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected.

13. SUBSTITUTION OF NOMINEES. In the event that a person is validly designated as a nominee in accordance with Section 12 and shall thereafter become unable or unwilling to stand for election to the Board of Directors, the Board of Directors or the stockholder who proposed such nominee, as the case may be, may designate a substitute nominee upon delivery, not fewer than five days prior to the date of the meeting for the election of such nominee of a written notice to the Secretary setting forth such information regarding such substitute nominee as would have been required to be delivered to the Secretary pursuant to Section 12 had such substitute nominee been initially proposed as a nominee. Such notice shall include a signed consent to serve as a Director of the Corporation, if elected, of each such substitute nominee.

14. COMPLIANCE WITH PROCEDURES. If the chairman of the meeting for the election of Directors determines that a nomination of any candidate for election as a Director at such meeting was not made in accordance with the applicable provisions of Sections 12 and 13, such nomination shall be void; provided, however, that nothing in Sections 12 or 13 shall be deemed to limit any voting rights upon the occurrence of dividend arrearages provided to holders of Preferred Stock pursuant to the Preferred Stock Designation for any series of Preferred Stock.

DIRECTORS

15. BOARD OF DIRECTORS.

(a) Number, election and terms. Except as otherwise fixed by, or pursuant to the provisions of, Article Fourth of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, the number of the Directors of the Corporation shall be fixed from time to time by the Board of Directors but shall be no fewer than three (3) nor more than nine (9); provided, however, that the initial Board of Directors shall consist of four (4) Directors. Except as provided in paragraph (b) of this Section 15, the Directors shall be elected at the annual meeting of the stockholders and each Director elected shall hold office until his successor is elected and shall qualify. Directors need not be stockholders.

(b) Newly created directorships and vacancies. Except as otherwise provided for or fixed by or pursuant to the provisions of Article Fourth of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a

preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

(c) Removal. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, any Director may be removed from office only by the affirmative vote of the holders of at least a majority of the combined voting power of the outstanding shares of stock entitled to vote generally in the election of Directors, voting together as a single class.

16. RESPONSIBILITIES. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

17. POWERS. In addition to the powers and authorities expressly conferred by these By-laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

18. COMPENSATION. The Board of Directors may establish such compensation for, and reimbursement of the expenses of, Directors for attendance at meetings of the Board of Directors or committees, or for other services by Directors to the Corporation, as the Board of Directors may determine.

19. RESIGNATION. Any Director may resign at any time by giving written notice of his resignation to the Chairman or the Secretary.

20. MEETINGS.

(a) Generally. Immediately after the adjournment of the annual meeting of the stockholders each year, the Directors elected thereat shall, without notice, convene the annual meeting of Directors for the organization of the Board of Directors, the election of officers and members of committees and the transaction of any other business which may properly come before the meeting. If a quorum of the Board of Directors shall not be present, the Chairman shall call a meeting for such purposes as promptly as is practicable. Except as otherwise provided in this Section 20, Directors may hold their regular and special

meetings at such times and places and have one or more offices and keep the books of the Corporation at such places as the Board of Directors determines.

(b) Meetings by telephone or similar communications equipment. The Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all Directors participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person by any such Director at such meeting.

(c) Action by consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent to such action is signed by all members of the Board of Directors and such written consent is filed with the minutes of its proceedings.

21. NOTICES. No notice of regular meetings of the Board of Directors need be given. Special meetings of the Board of Directors may be called by the Chairman or the President upon notice to each Director, given either in person or by mail, telephone, telegram, telex or similar medium of communication; special meetings shall be called by the Chairman, the President or the Secretary on like notice, on the written request of three Directors. At least 72 hours' notice of special meetings shall be given to each Director.

22. QUORUM. Subject to the provisions of paragraph (b) of Section 15, at all meetings of the Board of Directors, a majority of the total number of Directors shall constitute a quorum for the transaction of business and, except for the designation of committees (as provided in Section 23) and the removal of officers (as provided in Section 26), the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum is not present, a majority of the Directors present may adjourn the meeting without notice other than announcement until a quorum is present.

23. COMMITTEES OF THE BOARD OF DIRECTORS.

(a) Executive Committee. During the intervals between meetings of the Board of Directors of the Corporation, all powers and authority of the Board of Directors regarding the management of the business and affairs of the Corporation shall be exercised by the Executive Committee of the Board; except that the Executive Committee shall have no power:

(1) To act to amend the Certificate of Incorporation (except that the Executive Committee may, to the extent authorized in a resolution adopted by the Board of Directors of the Corporation providing for the issuance of shares of stock, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes of stock of the

Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series) or the By-Laws of the Corporation.

(2) To recommend to the shareholders of the Corporation the sale, lease or exchange of all or substantially all of the Corporation's property and assets.

(3) To adopt an agreement of merger or consolidation of the Corporation (but not any of the Corporation's subsidiaries).

(4) To recommend to the shareholders of the Corporation the dissolution of the Corporation or a revocation of a dissolution.

(5) To declare a dividend.

(6) To authorize the issuance of stock, except, to the extent such delegation of authority is authorized by the Delaware General Corporation Law, pursuant to authority specifically delegated to the Executive Committee by resolution of the Board of Directors.

(7) To appoint or remove officers of the Corporation.

Such Executive Committee shall consist of four Directors as the Board of Directors may from time to time appoint by resolution passed by a majority of the whole Board and the Board of Directors shall designate one member so appointed to serve as Chairman of the Executive Committee. The Executive Committee shall hold regular and special meetings at such time and place as the Committee may determine. Meetings of the Executive Committee may be held in the same manner as provided in Section 20(b) or by written consent in lieu of a meeting. Special meetings may be called by the Chairman and must be called by the Chairman or the Secretary when so requested by any two members of the Committee.

Three members of the Executive Committee shall constitute a quorum for the transaction of business. No action may be taken by the Executive Committee except upon the affirmative vote of not less than three members; provided, however, that any written consent to such action in lieu of a meeting must be signed by all members of the Executive Committee.

The Executive Committee shall keep regular minutes of all its meetings and shall report all actions taken by it to the Board of Directors. The action of the Board of Directors taken with respect to such report shall be recorded in the minutes of the meeting of the Board of Directors as well as in the minute book of the Executive Committee.

(b) Other Committees. The Board of Directors, by resolution passed by a majority of the whole Board of Directors, may designate one or more committees, each committee

to consist of two or more Directors. A committee shall have and exercise the powers of the Board of Directors in the direction of the management of the business and affairs of the Corporation to the extent provided in the resolution. Each committee shall have such name as may be determined by the Board of Directors. Except as may be otherwise provided in a resolution or resolutions duly adopted by the Board of Directors, a majority of the members of a committee shall constitute a quorum and a majority vote of the members at a meeting at which a quorum is present shall be the act of the committee. A committee shall keep minutes of its proceedings, and shall report its proceedings to the Board of Directors when required or when requested by a Director to do so.

OFFICERS

24. NUMBER OF OFFICERS. The officers of the Corporation shall be a President, a Secretary, and a Treasurer, each of whom shall be appointed by the Board of Directors. Such other officers and assistant officers as may be deemed necessary, including any Vice-Presidents, may be appointed by the Board of Directors. If specifically authorized by the Board of Directors, an officer may appoint one or more officers or assistant officers. The same individual may simultaneously hold more than one office in the Corporation.

25. APPOINTMENT AND TERM OF OFFICE. The officers of the Corporation shall be appointed by the Board of Directors for a term as determined by the Board of Directors. (The designation of a specified term grants to the officer no contract rights, and the board can remove the officer at any time prior to the termination of such term.) If no term is specified, they shall hold office until they resign, die, or until they are removed in the manner provided in Section 26 hereof.

26. REMOVAL OF OFFICERS. Any officer or agent may be removed by the Board of Directors at any time, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

27. PRESIDENT. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. He shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

28. THE VICE-PRESIDENTS. If appointed, in the absence of the President or in the event of his death, inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. (If there is no Vice-President, then the Treasurer shall perform such duties of the President.) Any Vice-President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation the issuance of which have been authorized by resolution of the Board of Directors; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

29. THE SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of any seal of the Corporation and if there is a seal of the Corporation, see that it is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (d) when requested or required, authenticate any records of the Corporation; (e) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (f) sign with the President, or a Vice-President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (g) have general charge of the stock transfer books of the Corporation; and (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

30. THE TREASURER. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; (b) receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

31. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the President or a Vice-President certificates for shares of the Corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be

assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

32. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors.

INDEMNIFICATION

33. DAMAGES AND EXPENSES.

(a) Actions, Suits or Proceedings Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was or has agreed to become a Director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not meet the standards of conduct set forth in this paragraph (a).

(b) Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was or has agreed to become a Director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection with the defense or settlement of such action or suit and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have

been adjudged to be liable for gross negligence or wanton misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs, charges and expenses which the Court of Chancery or such other court shall deem proper.

(c) Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Section 33, to the extent that a Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in paragraphs (a) and (b) of this Section 33, or in the defense of any claim, issue or matter therein, he shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith.

(d) Determination of Right to Indemnification. Any indemnification under paragraphs (a) and (b) of this Section 33 (unless ordered by a court) shall be paid by the Corporation unless a determination is made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders, that indemnification of the Director, officer, employee or agent is not proper in the circumstances because he has not met the applicable standards of conduct set forth in paragraphs (a) and (b) of this Section 33.

(e) Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys' fees) incurred by a person referred to in paragraphs (a) and (b) of this Section 33 in defending a civil or criminal action, suit or proceeding (including investigations by any government agency and all costs, charges and expenses incurred in preparing for any threatened action, suit or proceeding) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by a Director or officer in his capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such person while a Director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the Director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such Director or officer is not entitled to be indemnified by the Corporation as authorized in this Section 33. No security shall be required for such undertaking and such undertaking shall be accepted without reference to the recipient's financial ability to make repayment. The repayment of such charges and expenses incurred by other employees and agents of the Corporation which are paid by the Corporation in advance of the final disposition of such action, suit or proceeding as permitted by this

paragraph (e) may be required upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may, in the manner set forth above, and subject to the approval of such Director, officer, employee or agent of the Corporation, authorize the Corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

(f) Procedure for Indemnification. Any indemnification under paragraphs (a), (b) or (c) or advance of costs, charges and expenses under paragraph (e) of this Section 33 shall be made promptly, and in any event within 60 days, upon the written request of the Director, officer, employee or agent directed to the Secretary of the Corporation. The right to indemnification or advances as granted by this Section 33 shall be enforceable by the Director, officer, employee or agent in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within 60 days. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification or advances, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under paragraph (e) of this Section 33 where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in paragraphs (a) or (b) of this Section 33, but the burden of proving that such standard of conduct has not been met shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b) of this Section 33, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(g) Other Rights; Continuation of Right to Indemnification. The indemnification provided by this Section 33 shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification under this Section 33 shall be deemed to be a contract between the Corporation and each Director, officer, employee or agent of the Corporation who serves or served in such capacity at any time while this Section 33 is in effect. No amendment or repeal of this Section 33 or of any relevant provisions of the Delaware General Corporation Law or any other applicable laws shall adversely affect or deny to any Director, officer, employee or agent any rights to indemnification which such person may have, or change or release any

obligations of the Corporation, under this Section 33 with respect to any costs, charges, expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement which arise out of an action, suit or proceeding based in whole or substantial part on any act or failure to act, actual or alleged, which takes place before or while this Section 33 is in effect. The provisions of this paragraph (g) shall apply to any such action, suit or proceeding whenever commenced, including any such action, suit or proceeding commenced after any amendment or repeal of this Section 33.

(h) Definitions. For purposes of this Section:

(1) "the Corporation" shall include any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its Directors, officers, and employees or agents, so that any person who is or was a Director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 33 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued;

(2) "other enterprises" shall include employee benefit plans, including but not limited to any employee benefit plan of the Corporation;

(3) "serving at the request of the Corporation" shall include any service which imposes duties on, or involves services by, a Director, officer, employee, or agent of the Corporation with respect to an employee benefit plan, its participants, or beneficiaries, including acting as a fiduciary thereof;

(4) "fines" shall include any penalties and any excise or similar taxes assessed on a person with respect to an employee benefit plan;

(5) A person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in paragraphs (a) and (b) of this Section 33;

(6) Service as a partner, trustee or member of management or similar committee of a partnership or joint venture, or as a Director, officer, employee or agent of a corporation which is a partner, trustee or joint venturer, shall be considered service as a Director, officer, employee or agent of the partnership, joint venture, trust or other enterprise.

(i) Savings Clause. If this Section 33 or any portion hereof shall be invalidated on any ground by a court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Director, officer, employee and agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Section 33 that shall not have been invalidated and to the full extent permitted by applicable law.

34. INSURANCE. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 33, provided that such insurance is available on acceptable terms as determined by a vote of a majority of the entire Board of Directors.

STOCK RECORDS

35. FORM OF CERTIFICATES. The certificates representing stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be mechanically signed with a facsimile of the signature of the President or a Vice President, and a facsimile of the signature of the Secretary or an Assistant Secretary, and shall also be signed by, or bear the facsimile signature of, a duly authorized officer or agent of any properly designated transfer agent of the Corporation. Such certificates may be issued and delivered notwithstanding that the person whose facsimile signature appears thereon shall have ceased to be such officer at the time the certificates are issued and delivered.

36. CLASSES OF STOCK: RIGHTS. The designations, preferences and relative participating, option or other special rights of the various classes of stock or series thereof, and the qualifications, limitations or restrictions thereof, shall be set forth in full or summarized on the front or back of the certificates which the Corporation issues to represent its stock, or in lieu thereof, such certificates shall set forth the office of the Corporation from which the holders of certificates may obtain a copy of such information.

37. TRANSFERS. Subject to restrictions on the transfer of stock, the Corporation shall make transfers of stock on its books upon surrender of the certificate for the shares to the Corporation or its duly appointed transfer agent duly endorsed by the stockholder named in the certificate or his duly authorized attorney.

38. LOST CERTIFICATES. An executive officer may direct a new certificate to be issued in place of certificates theretofore issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance thereof, the officer may require the claimant to advertise the alleged loss, theft or destruction in such manner as the officer may require and to give the Corporation a bond in such sum as he may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of the new certificate.

39. RECORD DATES. The Board of Directors may fix in advance a date, not more than 60 days nor fewer than 10 days prior to the date of any meeting of stockholders, nor more than 60 prior to the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

GENERAL

40. CONTRACTS, CHECKS, ETC. All contracts, agreements, checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed or endorsed by the persons whom the Board of Directors prescribes therefor.

41. FISCAL YEAR. The fiscal year of the Corporation shall commence on October 1 of each year and shall end the following September 30.

42. ANNUAL STATEMENT. The Board of Directors shall cause an independent public accountant, selected from time to time by the Board of Directors, to examine in accordance with generally accepted auditing standards, prior to the annual meeting of the stockholders in each year, the books and records of the Corporation and the financial statements for the preceding fiscal year, which statements shall set forth the financial position as of the close of, and the results of operations of the Corporation for, the preceding fiscal year, and the Board of Directors shall cause such accountant or firm of accountants to render to the Board of Directors its opinion with respect thereto. The Board of Directors shall cause copies of the financial statements together with the opinion to be sent to all stockholders entitled to

vote at the annual meeting in the year succeeding the year to which the financial statements apply and to be available to stockholders attending the annual meeting.

43. FORM OF NOTICES. Whenever notice is required to be given to any Director or officer or stockholder, such notice may be given either in person or by mail, telephone or telegram, telex or similar medium of communication, except as provided in Sections 6, 12 or 21. Except as provided in Section 6, 12 or 21, if mailed, the notice will be deemed given when deposited in the United States mail, postage prepaid, addressed to the stockholder, officer or Director at such address as appears on the books of the Corporation, or, in default of other address, to such Director, officer or stockholder at the General Post Office in the City of Omaha, Nebraska. If given in person or by telephone, notice will be deemed given when communicated, and if given by telegram, telex or similar medium of communication, notice will be deemed given when properly dispatched. Any stockholder, Director or officer may waive any notice required to be given under these By-Laws.

44. SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

45. BY-LAW AMENDMENT. Subject to the provisions of the Certificate of Incorporation, these By-Laws may be altered, changed, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose) by a majority vote of the shares represented and entitled to vote at such meeting; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these By-Laws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these By-Laws, or enact such other By-Laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.

46. SECTION 203. The Corporation shall not be subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware.

47. CERTIFICATE OF INCORPORATION AND APPLICABLE LAW. These By-Laws are subject to the provisions of the Certificate of Incorporation and applicable law.

First Amendment
to the
Transaction Systems Architects, Inc.
Amended and Restated By-Laws

The Amended and Restated By-Laws of Transaction Systems Architects, Inc., a Delaware corporation (the "Corporation"), are hereby amended effective December 21, 1999 as follows:

1. Section 24 is amended to read in its entirety as follows:

24. NUMBER OF OFFICERS. The officers of the Corporation shall be a Chairman of the Board, a President, a Secretary, and a Treasurer, each of whom shall be appointed by the Board of Directors. Such other officers and assistant officers as may be deemed necessary, including any Vice-Presidents, may be appointed by the Board of Directors. If specifically authorized by the Board of Directors, an officer may appoint one or more officers or assistant officers. The same individual may simultaneously hold more than one office in the Corporation.

2. Section 27 is amended to read in its entirety as follows:

27. PRESIDENT. The President shall be the chief executive officer and the chief operating officer of the Corporation and, subject to the control of the Board of Directors and the Chairman of the Board, shall in general supervise and control all of the business and affairs of the Corporation. In the absence of the Chairman of the Board, the President shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

3. The following Section 27A is added:

27A. CHAIRMAN OF THE BOARD. The Chairman of the Board shall participate in and supervise the formulation of matters of general policy and overall strategy of the Corporation. The Chairman of the Board in general shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board of Directors from time to time. The Chairman of the Board shall, when present, preside at all meetings of the shareholders and of the Board of Directors. The Chairman of the Board shall be a Director of the Corporation.

4. Except as specifically amended hereby, the Amended and Restated By-Laws of the Corporation shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Secretary of the Corporation hereby certifies that the foregoing amendments to the Amended and Restated By-Laws of the Corporation were duly adopted by the Board of Directors of the Corporation effective December 21, 1999.

David P. Stokes, Secretary

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Steve Bailey (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

Year 1: $3 \times \$30,000 = \$90,000$
Year 2: \$120,000
 $[\$90,000 + \$120,000] \text{ DIVIDED BY } 2 = \$105,000$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

Year 1: $[3 \times \$30,000] + \$70,000 = \$160,000$
Year 2: \$120,000
 $[\$160,000 + \$120,000] \text{ DIVIDED BY } 2 = \$140,000$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

Year 1: $3 \times \$30,000 = \$90,000$
 $\$90,000 \text{ DIVIDED BY } 1 = \$90,000$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Thomas Boje (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation,

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b)
below; plus

(ii) his earned but unpaid base salary through his Date of
Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue

Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Gregory J. Duman (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

(b) if individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election,

or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to which immediately thereafter, (1) more than 60% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and

Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the transferee corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the transferee corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (2) no Person (excluding the Company and any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such transferee corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of such transferee corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Company.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

- (i) there is a Change in Control of the Company while the Executive is still an employee of the Company;
- (ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and
- (iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the

Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) two times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for

Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered,

reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder,

then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below;
plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as

published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to two times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as "foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A

"predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or

awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective

marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be

involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys'

fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and William E. Fisher (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

(b) if individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election,

or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to which immediately thereafter, (1) more than 60% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and

Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the transferee corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the transferee corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (2) no Person (excluding the Company and any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such transferee corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of such transferee corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Company.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the

Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) two times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for

Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered,

reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder,

then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below;
plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as

published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to two times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination.

For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as "foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A

"predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or

awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective

marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved

as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys'

fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [\$90,000 + \$120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [\$160,000 + \$120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Jeff Hale (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

Year 1: $3 \times \$30,000 = \$90,000$
Year 2: \$120,000
[90,000 + 120,000] DIVIDED BY 2 = \$105,000

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

Year 1: $[3 \times \$30,000] + \$70,000 = \$160,000$
Year 2: \$120,000
[160,000 + 120,000] DIVIDED BY 2 = \$140,000

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

Year 1: $3 \times \$30,000 = \$90,000$
\$90,000 DIVIDED BY 1 = \$90,000

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Dwight Hanson (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date:
- - - - -

By: _____

EXECUTIVE:

Date:
- - - - -

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [\$90,000 + \$120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [\$160,000 + \$120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Marlin Howley (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below;
plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [\$90,000 + \$120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [\$160,000 + \$120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Dennis Jorgensen (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: -----

By: -----

EXECUTIVE:

Date: -----

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Edward H. Mangold (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below;
plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \\ & \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Matt McKain (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below;
plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES;
NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Don McLarty (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES;
NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Tony Parkinson (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date:

By: -----

EXECUTIVE:

Date:

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Doug Parr (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \\ & \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Steve Royer (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES;
NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: _____

By: _____

EXECUTIVE:

Date: _____

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period.

The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Steve Schiller (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation,

the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: -----

By: -----

EXECUTIVE:

Date: -----

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Steve Schiller (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation,

the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: -----

By: -----

EXECUTIVE:

Date: -----

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and David P. Stokes (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

(b) if individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election,

or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to which immediately thereafter, (1) more than 60% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and

Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the transferee corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the transferee corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (2) no Person (excluding the Company and any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such transferee corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of such transferee corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Company.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the

Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) two times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for

Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered,

reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder,

then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below; plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as

published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to two times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as "foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A

"predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or

awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective

marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be

involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys'

fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: -----

By: -----

EXECUTIVE:

Date: -----

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

SEVERANCE COMPENSATION AGREEMENT

SEVERANCE COMPENSATION AGREEMENT dated as of July 31, 1999 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Mark Vipond (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

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

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

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company), (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to

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

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in Section 3(b) below); (C) the Executive's Retirement (as defined in Section 3(c) below); (D) the Executive's termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of

Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability". If there is a Change in Control of the Company while the Executive is still an employee and if the Executive's employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in Section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; or (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second

sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate

of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall be construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc. Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the

Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

- (i) the Severance Amount as defined in Section 4(b) below;
- plus
- (ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company's most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company's most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Severance Amount" shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive's annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) "Base Amount" means the Executive's average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive's Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive's Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive's Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) "Base Period" means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive's Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) "Compensation" means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as

"foreign earned income" within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the "Code"), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422(b) or under an employee stock purchase plan described in Code Section 423(b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or nonqualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a nonqualified deferred compensation plan. A "predecessor entity" is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term "related entity" includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing his participation in any employee benefit plan or program as provided in this sentence, he shall be paid, in a lump sum cash payment, within 30 days following the date it is determined he is unable to participate in any employee benefit plan or program, the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit for himself (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (e).

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation

earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive's tax advisor, and, if the Executive's tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive's tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined

pursuant to this Section 7, shall be paid by the Company to the Executive within five days after the receipt of the determination. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by law" shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law ("DGCL") that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with

the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

Transaction Systems Architects, Inc.
224 South 108 Avenue
Omaha, NE 68154
Attn: President

If to the Executive:

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs, and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs or expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interest under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBER AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: -----

By: -----

EXECUTIVE:

Date: -----

APPENDIX A

EXAMPLE 1 - Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period and \$120,000 for the full fiscal year. The Executive's Base Amount is \$105,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ \text{Year 2: } & \$120,000 \\ & [90,000 + 120,000] / 2 = \$105,000 \end{aligned}$$

\$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 - Assume the same facts as in Example 1, except that the Executive also received a \$70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive's Base Amount is \$140,000

$$\begin{aligned} \text{Year 1: } & [3 \times \$30,000] + \$70,000 = \$160,000 \\ \text{Year 2: } & \$120,000 \\ & [160,000 + 120,000] / 2 = \$140,000 \end{aligned}$$

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 - Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was \$30,000 for the 4-month period. The Executive's Base Amount is \$90,000.

$$\begin{aligned} \text{Year 1: } & 3 \times \$30,000 = \$90,000 \\ & \$90,000 / 1 = \$90,000 \end{aligned}$$

\$90,000 is the average fiscal-year Compensation for the Base Period.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-93900, Registration Statement File No. 333-2592, Registration Statement File No. 333-2594, Registration Statement File No. 333-22473, Registration Statement File No. 333-56309, Registration Statement File No. 333-67987, Registration Statement File No. 333-73027 and Registration Statement File No. 333-82097.

ARTHUR ANDERSEN LLP

Omaha, Nebraska,

December 28, 1999

YEAR		
SEP-30-1999		
OCT-01-1998		
SEP-30-1999		70,482
	8,456	
	99,750	
	(7,251)	
	0	
	186,120	53,457
	(32,703)	
	329,525	
97,158		0
0		0
		163
	225,006	
329,525		
	354,794	
	354,794	
		116,175
	284,534	
	(2,011)	
	0	
	401	
	71,870	
	27,170	
44,700		0
	0	
		0
	44,700	
	1.41	
	1.38	

TRANSACTION SYSTEMS ARCHITECTS, INC.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995

CERTAIN CAUTIONARY STATEMENTS AND
RISK FACTORS

Transaction Systems Architects, Inc. and its subsidiaries (collectively, the Company) or their representatives from time to time may make or may have made certain forward-looking statements, whether orally or in writing, including without limitation, any such statements made or to be made in the Management's Discussion and Analysis contained in its various SEC filings or orally in conferences or teleconferences. The Company wishes to ensure that such statements are accompanied by meaningful cautionary statements, so as to ensure to the fullest extent possible the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995.

ACCORDINGLY, THE FORWARD-LOOKING STATEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO AND ARE ACCOMPANIED BY THE FOLLOWING MEANINGFUL CAUTIONARY STATEMENTS IDENTIFYING CERTAIN IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN SUCH FORWARD-LOOKING STATEMENTS.

This list of factors is likely not exhaustive. The Company operates in a rapidly changing and evolving business involving electronic commerce and payments, and new risk factors will likely emerge. Management cannot predict all of the important risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those in any forward-looking statements.

ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT FORWARD-LOOKING STATEMENTS WILL BE ACCURATE INDICATORS OF FUTURE ACTUAL RESULTS AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER FROM RESULTS PROJECTED IN FORWARD-LOOKING STATEMENTS. SUCH DIFFERENCES MAY BE MATERIAL.

TSA is dependent on its BASE24 products

TSA has derived a substantial majority of its total revenues from licensing its BASE24 family of software products and providing services and maintenance related to those products. The BASE24 products and related services and maintenance are expected to provide the majority of TSA's revenues in the foreseeable future. TSA's results will depend upon continued market acceptance of its BASE24 products and related services as well as TSA's ability to continue to adapt and modify them to meet the changing needs of its customers. Any reduction in demand for, or increase in competition with respect to, BASE24 products would have a material adverse effect on TSA's financial condition and results of operations.

TSA is subject to risks of conducting international operations

TSA has derived a majority of its total revenues from sales to customers outside the United States. International operations generally are subject to certain risks, including:

- difficulties in staffing and management,
- reliance on independent distributors,
- fluctuations in foreign currency exchange rates,
- compliance with foreign regulatory requirements,
- variability of foreign economic conditions, and
- changing restrictions imposed by U.S. export laws.

There can be no assurance that TSA will be able to manage the risks related to selling its products and services in international markets.

TSA is dependent on the banking industry

TSA's business is concentrated in the banking industry, making TSA susceptible to a downturn in that industry. For example, a decrease in bank spending for software and related services could result in a smaller overall market for electronic payment software. Furthermore, banks are continuing to consolidate, decreasing the overall potential number of buyers for TSA's products and services. These factors as well as others negatively affecting the banking industry could have a material adverse effect on TSA's financial condition and results of operations.

TSA's future results depend on the success of Compaq and TSA's relationship with Compaq

Historically, TSA has derived a substantial portion of its total revenues from the licensing of software products that operate on Compaq computers. TSA's BASE24 product line as well as TSA's CoACH and MoneyNet products run exclusively on Compaq computers. The BASE24 product line is expected to provide a majority of TSA's revenues in the foreseeable future. TSA's future results depend on market acceptance of Compaq computers and the financial success of Compaq. Any reduction in demand for these computers or in Compaq's ability to deliver products on a timely basis could have a material adverse effect on TSA's financial condition and results of operations.

Although TSA has several written agreements with Compaq, none of those agreements governs the primary relationship between TSA and Compaq, which is that TSA's major product line, BASE24, runs exclusively on Compaq computers. The cooperation and past affiliation between TSA and Compaq have facilitated TSA's ability to develop and market Compaq-compatible products. However, this cooperation is not mandated by contract. The cessation of such cooperation would adversely affect TSA's business. None of TSA's agreements with Compaq would protect TSA if Compaq's cooperation ceased or if Compaq were unable to deliver products on a timely basis. The written agreements cover such discrete matters as funding of market development efforts.

TSA must manage its growth effectively

TSA is experiencing a period of growth which is placing demands on its managerial and operations resources. TSA's inability to manage its growth effectively or to maintain its current level of growth could have a material adverse effect on its financial condition and results of operations.

TSA may not be able to attract and retain key personnel

TSA's success depends on certain of its executive officers, the loss of one or more of whom could have a material adverse effect on TSA's financial condition and results of operations. None of TSA's U.S.-based executive officers is a party to an employment agreement. TSA believes that its future success also depends on its ability to attract and retain highly-skilled technical, managerial and marketing personnel, including, in particular, additional personnel in the areas of research and development and technical support. Competition for personnel is intense. There can be no assurance that TSA will be successful in attracting and retaining the personnel it requires.

The market for electronic payment software and services is highly competitive

Many applications software vendors offer products that are directly competitive with BASE24 and other products of TSA. TSA also experiences competition from software developed internally by potential customers and experiences competition for its consulting services from professional services organizations. In addition, processing companies provide services similar to those made possible by TSA's products. Many of TSA's current and potential competitors have significantly greater financial, marketing, technical and

other competitive resources than TSA. Current and potential competitors, including providers of transaction-based software, processing, or professional services, may establish cooperative relationships with one another or with third parties to compete more effectively against TSA. It is also possible that new competitors may emerge and acquire market share. In either case, TSA's financial condition and results of operations could be adversely affected.

TSA's future success depends on its ability to timely develop and market product enhancements and new products

The market for software in general is characterized by rapid change in computer hardware and software technology and is highly competitive with respect to the need for timely product innovation and new product introductions. TSA believes that its future success depends upon its ability to enhance its current applications and develop new products that address the increasingly complex needs of customers. In particular, TSA believes that it must continue to respond quickly to users' needs for additional functionality and multi-platform support. The introduction and marketing of new or enhanced products requires TSA to manage the transition from current products in order to minimize disruption in customer purchasing patterns. There can be no assurance that TSA will continue to be successful in the timely development and marketing of product enhancements or new products that respond to technological advances, that its new products will adequately address the changing needs of the domestic and international markets or that it will successfully manage the transition from current products.

TSA is continually developing new products, product versions and individual features within a large, complex software system. Development projects can be lengthy and are subject to changing requirements, programming difficulties and unforeseen factors which can result in delays in the introduction of new products and features. Delays could have a material adverse effect on TSA's financial condition and results of operations.

In addition, new products, versions or features, when first released by TSA, may contain undetected errors that, despite testing by TSA, are discovered only after a product has been installed and used by customers. To date, undetected errors have not caused significant delays in product introduction and installation or required substantial design modifications. However, there can be no assurance that TSA will avoid problems of this type in the future.

A majority of TSA's license fee revenue is generated by licenses for software products designed to run on Compaq's fault-tolerant mainframe computers. TSA has developed, and continues to develop, certain products for other platforms. However, revenues from these products have not been significant to date. There can be no assurance that TSA will be successful in selling these software products or other products under development. TSA's failure in this regard could have a material adverse effect on its financial condition and results of operations.

TSA is dependent on proprietary technology

TSA relies on a combination of trade secret and copyright laws, nondisclosure and other contractual and technical measures to protect its

proprietary rights in its products. There can be no assurance that these provisions will be adequate to protect its proprietary rights. In addition, the laws of certain foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Although TSA believes that its intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against TSA.

Fluctuations in quarterly operating results may result in volatility in TSA's stock price

TSA's quarterly revenues and operating results may fluctuate depending on the timing of executed contracts, license upgrades and the delivery of contracted business during the quarter. In addition, quarterly operating results may fluctuate due to the extent of commissions associated with third party product sales, timing of TSA's hiring of additional staff, new product development and other expenses. No assurance can be given that operating results will not vary due to these factors.

Customers may cancel contracts

TSA derives a substantial portion of its total revenues from maintenance fees and monthly software license fees pursuant to contracts which the customer has the right to cancel. A substantial number of cancellations of these maintenance or monthly license fee contracts would have a material adverse effect on TSA's financial condition and results of operations.

TSA's stock price may be volatile

The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the high technology sector, which have often been unrelated to the operating performance of particular companies. Any announcement with respect to any variance in revenue or earnings from levels generally expected by securities analysts for a given period could have an immediate and significant effect on the trading price of the Class A Common Stock. In addition, factors such as announcements of technological innovations or new products by TSA, its competitors or other third parties, as well as changing market conditions in the computer software or hardware industries, may have a significant impact on the market price of the Class A Common Stock.

TSA's charter contains provisions that may affect changes in control

TSA's Certificate of Incorporation contains provisions that may discourage acquisition bids for TSA. The effect of such provisions may be to limit the price that investors might be willing to pay in the future for shares of the Class A Common Stock.

TSA's acquisition strategy involves numerous risks and challenges

TSA has expanded and will seek to continue to expand its operations through the acquisition of additional businesses that complement its core skills and have the potential to increase its overall value. TSA's future growth may depend, in part, upon the continued success of its acquisition

strategy. TSA may not be able to successfully identify and acquire, on favorable terms, compatible businesses. Acquisitions involve many risks, which could have a material adverse effect on TSA's business, financial condition and results of operations, including:

- Acquired businesses may not achieve anticipated revenues, earnings or cash flow;
- Integration of acquired businesses and technologies may not be successful and TSA may not realize anticipated economic, operational and other benefits in a timely manner, particularly if TSA acquires a business in a market in which TSA has limited or no current expertise or with a corporate culture different from TSA's;
- Potential dilutive effect on TSA's stockholders from continued issuance of Common Stock as consideration for acquisitions;
- Adverse effect on net income of amortization expense related to goodwill and other intangible assets and other acquisition-related charges, costs and expenses on net income;
- Competing with other companies, many of which have greater financial and other resources to acquire attractive companies makes it more difficult to acquire suitable companies on acceptable terms; and
- Disruption of TSA's existing business, distraction of management and other resources, and difficulty in maintaining TSA's current business standards, controls and procedures.

TSA's Year 2000 program may not be successful

TSA's business could be adversely affected by Year 2000 related problems. Year 2000 problems may arise in computer equipment and software, as well as embedded electronic systems, because of the way these systems are programmed to interpret certain dates that will occur around the change in century. Many existing computer programs were designed and developed using or reserving only two digits in date fields to identify the century, without considering the ability of the program to properly distinguish the upcoming century change in the Year 2000.

Management has initiated a Company-wide Year 2000 program to analyze:

- software developed by TSA which is licensed to customers;
- information technology systems utilized by TSA consisting of applications developed in-house and purchased from third party suppliers; and
- non-information technology systems and embedded technology which are integral components of the infrastructure of TSA.

There could be a material adverse effect on the financial condition

and results of operations of TSA if the actions taken by TSA to mitigate its risk associated with the Year 2000 prove to be inadequate. Risk factors include, without limitation:

- the failure of existing or future customers to achieve Year 2000 compliance;
- the failure of computer hardware system providers on which TSA and its customers rely or other vendors or service providers of TSA or its customers to timely achieve Year 2000 compliance;
- TSA's products and systems not containing all necessary date code changes;
- the failure of TSA's analysis and testing to detect operational problems in information technology and non-information technology systems utilized by TSA or in TSA's products or services, whether such failure results from the technical inadequacy of TSA's validation and testing efforts, the technological unfeasibility of testing certain non-information technology systems, and the unavailability of customers or other third parties to participate in testing;
- potential litigation arising out of Year 2000 issues, with respect to providers of software and related technical and consulting services such as TSA generally, and particularly in light of the numerous interfaces between TSA's products and products and systems of third parties which are required to successfully utilize TSA's products which could involve TSA in expensive, multiple party litigation even though TSA may have no responsibility for the alleged problem; and
- the failure to timely implement a contingency plan to the extent Year 2000 compliance is not achieved.