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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report: March 7, 2005
(Date of earliest event reported)

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

Delaware
(State or other jurisdiction
of incorporation)

0-25346
(Commission
File Number)

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

224 South 108th Avenue
Omaha, Nebraska 68154
(Address of principal executive offices, including zip code)

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

N/A

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

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

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

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Item 1.01. Entry into a Material Definitive Agreement.

1. Employment Agreement.

On March 8, 2005, Transaction Systems Architects, Inc. (the "Company") entered into an Employment Agreement (the "Employment Agreement") with Philip G. Heasley, pursuant to which Mr. Heasley agreed to serve as the Company's President and Chief Executive Officer for an initial term of four years. Under the Employment Agreement, Mr. Heasley will be employed through March 8, 2009 (the "Employment Period"), after which the Employment Period will be extended for successive one-year periods, unless the Company gives 30 days written notice to Mr. Heasley that the Employment Period will not be extended for an additional

year or unless the Employment Period otherwise terminates. So long as Mr. Heasley continues to serve as President and Chief Executive Officer, the Board will nominate Mr. Heasley to serve as a member of the Company's Board of Directors. The Employment Agreement provides that Mr. Heasley will receive an initial base salary of \$500,000 per year as well as other compensation, including bonus opportunities, as set forth in the Employment Agreement attached as Exhibit 10.1 to this Current Report and incorporated herein by reference. For the remainder of fiscal year 2005, Mr. Heasley's bonus will be based on (i) the achievement of the financial performance objectives set forth in the Company's 2005 Fiscal Year Management Incentive Compensation Plan, a description of which was filed as Exhibit 10.2 to the Form 8-K filed by the Company with the Securities and Exchange Commission on September 29, 2004, and (ii) the attainment of certain internal planning objectives.

The Employment Agreement also provides that, within six months of entering into the Employment Agreement (or within such longer time period as may be determined by the Board under compelling circumstances), Mr. Heasley will acquire through purchase on the NASDAQ National Market System at least 100,000 shares of the Company's common stock. Once Mr. Heasley acquires the 100,000 shares, he is required to continue to own 100,000 shares at all times during his initial term of employment.

Pursuant to the Employment Agreement, if Mr. Heasley's employment is terminated by the Company without cause or by Mr. Heasley for good reason, Mr. Heasley will be entitled to (i) a lump sum payment equal to his bonus for the quarter in which his employment is terminated (unless termination occurs during fiscal year 2005); (ii) a lump sum payment equal to two times the sum of (A) his base salary at the time of termination and (B) his average annual bonus amount received during the two most recent fiscal years of the Company ending prior to the date of termination; and (iii) continued participation in the Company's medical and dental plans for two years or until he is covered under the plans of another employer. Mr. Heasley will also be subject to non-competition obligations for a period of one year following termination of his employment. The Employment Agreement also provides that if payments by the Company to Mr. Heasley would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then Mr. Heasley will be entitled to a gross up payment such that he will be in the same after-tax position as if no excise tax had been imposed. If Mr. Heasley is entitled to payments under the Change in Control Severance Compensation Agreement (as described below), no payment will be made to Mr. Heasley under the Employment Agreement.

Further, in connection with his entry into employment with the Company, Mr. Heasley entered into the Company's standard Indemnification Agreement for executive officers, the form of which was filed as Exhibit 10.17 to the Company's annual report on Form 10-K for the fiscal year ended September 30, 2003.

2. Stock Option Agreement.

On March 9, 2005, in connection with the entry into the Employment Agreement, the Company entered into a Stock Option Agreement with Mr. Heasley (attached as Exhibit 10.2 to this Current Report and incorporated herein by reference) under the Company's 2005 Equity and Performance Incentive Plan (the "2005 Incentive Plan"), pursuant to which the Company granted Mr. Heasley an option to purchase 1,000,000 shares of Class A Common Stock of the Company (reclassified as Common Stock) ("Common Stock") with an exercise price of \$22.65 per share. 600,000 of the option shares are time-vested and will vest 25% per year beginning with the first anniversary of the date of grant. The agreement provides for accelerated vesting of these time-vested option shares if, during the term of the option, Mr. Heasley's employment is terminated by the Company without cause or by Mr. Heasley with good reason. 400,000 of the option shares are performance-vested and will vest, if at all, upon the attainment by the Company, at any time following the second anniversary of the date of grant of the option, of a market price per share of the Company's Common Stock of at least \$50 for 60 consecutive trading days. The agreement provides for accelerated vesting of these performance-vested option shares if, within two years from the date of grant, Mr. Heasley's employment is terminated by the Company without cause or by Mr. Heasley with good reason and if, prior to his termination of employment, the Company has attained a market price per share of the Company's Common Stock of at least \$50 for 60 consecutive trading days.

3. Change in Control Severance Compensation Agreement.

On March 8, 2005, in connection with the entry into the Employment Agreement, the Company entered into a Change in Control Severance Compensation Agreement (the "Change in Control Agreement") with Mr. Heasley. The Change in Control Agreement provides for a severance payment if Mr. Heasley's employment is terminated by the Company without cause or by Mr. Heasley with good reason within two years after a change in control of the Company. As set forth in more detail in the Change in Control Agreement attached as Exhibit 10.3 to this Current Report and incorporated herein by reference, this severance payment will

be a lump sum cash payment and will include (i) a lump sum payment equal to two times the sum of (A) his base salary at the time of termination and (B) his average annual bonus amount received during the two most recent fiscal years of the Company ending prior to the date of termination; (ii) his earned but unpaid base salary through the date of termination of employment; (iii) a quarterly incentive award for the current fiscal quarter, prorated through the date of termination of employment (unless termination occurs during fiscal year 2005); and (iv) interest on the amounts described in (i), (ii) and (iii). Additionally, Mr. Heasley will be entitled to continued participation in employee benefit plans and programs of the Company for two years or until he receives equivalent coverage and benefits under the plans or programs of a subsequent employer. The Change in Control Agreement also provides that if payments by the Company to Mr. Heasley would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then Mr. Heasley will be entitled to a gross up payment such that he will be in the same after-tax position as if no excise tax had been imposed.

4. 2005 Equity and Performance Incentive Plan.

On December 1, 2004, the Board of Directors of the Company approved the Company's 2005 Incentive Plan, subject to stockholder approval. On March 8, 2005, at the Company's annual meeting of stockholders, the stockholders of the Company approved the 2005 Incentive Plan. The 2005 Incentive Plan is listed as Exhibit 10.4 to this Current Report and is incorporated herein by reference to Annex B to the Company's Proxy Statement for its 2005 annual meeting of stockholders, filed on January 26, 2005.

The purpose of the 2005 Incentive Plan is to attract and retain directors, officers and other employees of the Company and to provide such persons incentives and rewards for superior performance. Officers, other key employees and non-employee directors of the Company are eligible to participate. The maximum number of shares that may be issued in connection with awards granted under the 2005 Incentive Plan is 3,000,000 shares of Common Stock plus certain shares of Common Stock underlying outstanding awards that are forfeited, expire or are canceled, are settled in cash without delivery of Common Stock, or that result in the forfeiture or relinquishment of Common Stock back to the Company. Awards that may be granted under the 2005 Incentive Plan include stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units, awards to non-employee directors and other cash awards and awards based on the Company's shares.

5. Form of Director Option Agreement.

On March 9, 2005, the Board of Directors of the Company approved a grant of 8,000 non-qualified stock options to each of the duly elected non-employee directors under the 2005 Incentive Plan, using the form of Nonqualified Stock Option Agreement - Non-Employee Director under the 2005 Incentive Plan attached as Exhibit 10.5 to this Current Report and incorporated herein by reference. The stock options granted to the non-employee directors were granted with an exercise price equal to \$22.65 per share, the closing sale price (price for last trade) of the Common Stock as reported by the Nasdaq National Market System for the day preceding the date of grant. Further, the options provide, and the form of agreement attached hereto provides, that the options granted to the non-employee directors of the Company will vest with respect to 100% of the option shares on the earlier to occur of (i) the date which is one year following the date of grant and (ii) the day immediately prior to the date of the next annual meeting of the Company's stockholders occurring following the date of grant. The options provide for accelerated vesting upon the death or disability of the optionee or upon a change in control of the Company.

6. Amendment to 2002 Non-Employee Director Stock Option Plan and Related Stock Option Agreements.

On March 7, 2005, the Company amended its 2002 Non-Employee Director Stock Option Plan (the "2002 Director Plan") with respect to Frank R. Sanchez and amended certain Stock Option Agreements, dated May 8, 2002 and March 9, 2004 (the "Option Agreements"), pursuant to which Mr. Sanchez was granted options. As a result of his not standing for re-election to the Board of Directors of the Company, Mr. Sanchez would have forfeited certain options granted to him under the 2002 Director Plan, notwithstanding the fact that Mr. Sanchez substantially served the term for which the options were granted. The 2002 Director Plan and the Option Agreements were amended to accelerate the vesting of Mr. Sanchez's options to avoid this unintended result. Other unvested options held by Mr. Sanchez were forfeited as a result of his not standing for re-election to the Board. The amendments to the 2002 Director Plan and Option Agreements are attached as Exhibit 10.6 to this Current Report and incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement.

On March 9, 2005, in connection with the approval of the 2005 Incentive Plan by the Company's stockholders, the Board of Directors of the Company approved the termination of the following existing stock option plans of the Company:

- (i) the 1994 Stock Option Plan, as amended (provides for the grant of stock options to employees, including employees who are also officers or directors, of the Company);
- (ii) the 1996 Stock Option Plan (provides for the grant of stock options to employees and directors of the Company);
- (iii) the 1997 Management Stock Option Plan (provides for the grant of stock options to management employees of the Company);
- (iv) the MessagingDirect Ltd. Amended and Restated Employee Share Option Plan (provides for the grant of stock options to employees, officers, directors and consultants of the Company);
- (v) the 2000 Non-Employee Director Stock Option Plan (provides for the grant of stock options to non-employee directors of the Company); and
- (vi) the 2002 Non-Employee Director Stock Option Plan, as amended (provides for the grant of stock options to non-employee directors of the Company).

Termination of these plans will not affect any options outstanding under these plans immediately prior to termination thereof.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Effective as of March 8, 2005, Gregory D. Derkacht resigned from his position as President and Chief Executive Officer of the Company. On March 9, 2005, the Company appointed Mr. Derkacht to serve as its Executive Vice President.

Effective as of March 8, 2005, Philip G. Heasley was appointed to serve as President and Chief Executive Officer of the Company, replacing Mr. Derkacht. Additionally, on March 9, 2005, to fill the vacancy created as a result of the creation of a new position on the Board of Directors, the Company's Board of Directors elected Mr. Heasley to serve as a director of the Company until the Company's 2006 annual meeting of stockholders and until his successor is elected and qualified. Pursuant to the terms of Mr. Heasley's Employment Agreement, so long as he serves as President and Chief Executive Officer of the Company, the Board of Directors will nominate him to serve as a member of the Company's Board of Directors.

Mr. Heasley has a comprehensive background in payment systems and financial services. From 2003 to the present, Mr. Heasley served as Chairman and CEO of PayPower LLC, an acquisition and consulting firm specializing in financial services and payment services. Previously, Mr. Heasley was Chairman and CEO of First USA Bank, from 2000 to 2003. Prior to joining First USA Bank, from 1987 until 2000, Mr. Heasley served in various capacities for U.S. Bankcorp, including Executive Vice President, and President and Chief Operating Officer. Mr. Heasley is 55 years old.

See the disclosure under Item 1.01 above for the material terms of Mr. Heasley's Employment Agreement and the other material terms of his employment with the Company.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
10.1	Employment Agreement by and between the Company and Philip G. Heasley, dated March 8, 2005.
10.2	Stock Option Agreement (under the Company's 2005 Equity and Performance Incentive Plan) by and between the Company and Philip G. Heasley, dated March 9, 2005.
10.3	Change in Control Severance Compensation Agreement by and

between the Company and Philip G. Heasley, dated March 8, 2005.

- 10.4 2005 Equity and Performance Incentive Plan (filed, on January 26, 2005, as Annex B to the Company's Proxy Statement for its 2005 Annual Meeting (File No. 000-25346), and incorporated herein by reference).
- 10.5 Form of Nonqualified Stock Option Agreement - Non-Employee Director (under the Company's 2005 Equity and Performance Incentive Plan).
- 10.6 Amendment to 2002 Non-Employee Director Stock Option Plan, Amendment No. 1 to Stock Option Agreement (dated as of May 8, 2002) and Amendment No. 1 to Stock Option Agreement (dated as of March 9, 2004).

SIGNATURE

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

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: March 9, 2005

By: /s/ Dennis P. Byrnes

Dennis P. Byrnes
Senior Vice President,
General Counsel and Secretary

EXHIBIT INDEX

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10.5	Form of Nonqualified Stock Option Agreement - Non-Employee Director (under the Company's 2005 Equity and Performance Incentive Plan).
10.6	Amendment to 2002 Non-Employee Director Stock Option Plan, Amendment No. 1 to Stock Option Agreement (dated as of May 8, 2002) and Amendment No. 1 to Stock Option Agreement (dated as of March 9, 2004).

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is entered into as of March 8, 2005 (the "Effective Date") between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Philip G. Heasley ("Executive").

RECITALS:

WHEREAS, the Company desires to employ Executive as the President and Chief Executive Officer of the Company, and Executive desires to accept employment as the President and Chief Executive Officer of the Company;

WHEREAS, as of the Effective Date, the Company shall employ Executive on the terms and conditions set forth in this Agreement, and Executive shall be retained and employed by the Company to perform such services under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions. Certain words or phrases with initial capital letters not otherwise defined herein shall have the meanings set forth in Section 8 hereof.
2. Employment. The Company shall employ Executive, and Executive accepts employment with the Company as of the Effective Date, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending as provided in Section 5 hereof (the "Employment Period").
3. Position and Duties.
 - (a) During the Employment Period, Executive shall serve as the President and Chief Executive Officer of the Company and shall have the normal duties, responsibilities and authority of an executive serving in such position, subject to the power of the Board of Directors of the Company (the "Board") to provide oversight and direction with respect to such duties, responsibilities and authority, either generally or in specific instances and consistent with such position. So long as Executive is the President and Chief Executive Officer of the Company, the Board will nominate Executive to serve as a member of the Board.
 - (b) Executive shall report to the Board.
 - (c) During the Employment Period, Executive shall devote Executive's best efforts and Executive's full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company, its subsidiaries and affiliates. Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, business-like and efficient manner. During the Employment Period, Executive may not serve as a director or a principal of another company without the Board's prior consent.
 - (d) Executive shall perform Executive's duties and responsibilities principally in the metropolitan area of the Company's headquarters.
 - (e) Within six months of entering into this Agreement (or within such longer time period as may be determined by the Board under compelling circumstances), Executive shall acquire through purchase on the NASDAQ National Market System at least 100,000 shares (the "Threshold Ownership") of the Company's common stock. Once Executive meets the Threshold Ownership, he shall at all times during the Initial Employment Period (as defined in Section 5 below) continue to meet the Threshold Ownership.
4. Compensation and Benefits.
 - (a) Salary. The Company agrees to pay Executive a salary during the Employment Period in installments based on the Company's payroll practices as may be in effect from time to time. Executive's salary during the Initial Employment Period (as defined in Section 5) shall be at the rate of \$500,000 per year ("Base

Salary"). For any renewal periods as set forth in Section 5(b) below, the amount of the Executive's Base Salary will be mutually agreed to by the Board and Executive. Notwithstanding the foregoing, the Board may decrease Executive's Base Salary only if, as a result of a reasonable business judgment of the Board, there is an across-the-board salary reduction for all executive level management employees of the Company. If there is any modification to the Base Salary as defined herein, "Base Salary" in this Agreement will refer to such modified Base Salary.

- (b) Bonus.
 - (i) Executive will be entitled to an annual targeted bonus of \$500,000, based on the achievement of performance criteria to be mutually determined by Executive and the Board. This bonus will be pro-rated based on the number of full fiscal quarters that the Executive is employed with the Company during fiscal year 2005 (i.e., Executive will be entitled to a targeted bonus for fiscal year 2005 of \$250,000) and any earned bonus will be payable to Executive in a lump sum after the end of the fiscal year.
 - (ii) Following fiscal year 2005 and during the Initial Employment Period, Executive will be eligible for a bonus under the Company's Management Incentive Compensation Plan (or any successor plan), with a targeted annual bonus of \$500,000 and with such performance criteria as are approved by the Board for each fiscal year. During any renewal period as set forth in Section 5(b) below, Executive's bonus will be mutually agreed to by the Board and Executive.
- (c) Stock Options. In connection with Executive's entering into employment with the Company, Executive will receive a stock option grant with respect to 1,000,000 shares of the Company's common stock under the Company's 2005 Equity and Performance Incentive Plan. The terms and conditions for the grant shall be as set forth in the stock option agreement attached hereto as Exhibit A.
- (d) Prior Equity Awards. To the extent that Executive is required to forfeit unvested equity awards (the "Prior Awards") granted to him by Fidelity National Financial, Inc. ("FNF") as a result of his resignation from the Board of Directors of FNF, the Company shall pay to Executive the lost economic value of such Prior Awards, as such value is mutually agreed to by the parties, but in no event shall the payment under this Section 4(d) exceed \$150,000.
- (e) Expense Reimbursement. The Company shall reimburse Executive for all reasonable expenses incurred by Executive during the Employment Period in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements applicable generally with respect to reporting and documentation of such expenses.
- (f) Relocation. Executive agrees to relocate his residence to a location reasonably proximate to the Company's headquarters in Omaha, Nebraska as soon as reasonably practicable following the Effective Date. In connection with the relocation, Executive will be entitled to the relocation benefits available to senior executives of the Company, but no event will reimbursement of real estate commissions on the sale of Executive's home be in excess of \$160,000.
- (g) Standard Executive Benefits Package. Executive shall be entitled during the Employment Period to participate, on the same basis as other executives of the Company, in the Company's Standard Executive Benefits Package. The Company's "Standard Executive Benefits Package" means those benefits (including insurance and other benefits, but excluding, except as hereinafter provided in Section 6, any severance pay program or policy of the Company) for which substantially all of the executives of the Company are from time to time generally eligible, as determined from time to time by the Board. Notwithstanding the foregoing, Executive shall be entitled to four weeks of paid vacation per calendar year.
- (h) Professional Fees. The Company shall be responsible for the

payment of Executive's legal fees and costs (and related disbursements) incurred in connection with Executive's initial employment and matters relating to the negotiation and execution of this Agreement, in an amount not to exceed \$15,000.

- (i) Change in Control Compensation. Notwithstanding anything to the contrary contained herein, Executive shall be entitled to the compensation provided in the Change in Control Severance Compensation Agreement, attached hereto as Exhibit B (the "Change in Control Agreement"), pursuant to the terms stated in such agreement.
- (j) Additional Compensation/Benefits. Any compensation or benefits to be provided to Executive during the Employment Period other than as set forth in this Agreement, including, without limitation, any future grant of stock options or other equity awards, shall be determined by the Board in its sole discretion.

5. Employment Period.

- (a) Except as hereinafter provided, the Employment Period shall commence on the Effective Date and shall continue until, and shall end upon, the fourth anniversary of the Effective Date (the "Initial Employment Period").
- (b) On the fourth anniversary of the Effective Date and on each anniversary thereafter, unless the Employment Period shall have ended pursuant to Section 5(c) below or the Company shall have given Executive 30 days written notice that the extension provision in this sentence shall not apply, the Employment Period shall be extended for an additional year.
- (c) Notwithstanding (a) or (b) above, the Employment Period shall end early upon the first to occur of any of the following events:
 - (i) Executive's death;
 - (ii) the Company's termination of Executive's employment on account of Disability;
 - (iii) the Company's termination of Executive's employment for Cause (a "Termination for Cause");
 - (iv) the Company's termination of Executive's employment without Cause (a "Termination without Cause");
 - (v) Executive's termination of Executive's employment for Good Reason (a "Termination for Good Reason"); or
 - (vi) Executive's termination of Executive's employment for any reason other than Good Reason (a "Voluntary Termination").

6. Post-Employment Period Payments.

- (a) At the end of the Employment Period for any reason, Executive shall cease to have any rights to salary, bonus, expense reimbursements or other benefits and Executive shall be entitled to (i) any Base Salary which has accrued but is unpaid, any reimbursable expenses which have been incurred but are unpaid, and any unexpired vacation days which have accrued under the Company's vacation policy but are unused, as of the end of the Employment Period, (ii) any plan benefits which by their terms extend beyond termination of Executive's employment (but only to the extent provided in any such benefit plan in which Executive has participated as an employee of the Company and excluding, except as hereinafter provided in Section 6, any severance pay program or policy of the Company) and (iii) any benefits to which Executive is entitled under Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended ("COBRA"). In addition, Executive shall be entitled to the additional benefits and amounts described in the succeeding subsections of this Section 6, in the circumstances described in such subsections.
- (b) If the Employment Period ends pursuant to Section 5 hereof on account of Executive's death, Disability or Voluntary Termination, or on account of a Termination for Cause, the Company shall make no further payments to Executive except as contemplated in subsection (a) above.
- (c) If the Employment Period ends early pursuant to Section 5 hereof

on account of a Termination without Cause or a Termination for Good Reason, Executive shall be entitled to the following:

- (i) a lump sum payment equal to Executive's bonus for the quarter in which the Employment Period ends; provided, however, that if such Termination without Cause or Termination for Good Reason occurs at any time during fiscal year 2005, this Section 6(c) shall not apply and Executive shall not be entitled to any portion of the bonus for fiscal year 2005;
 - (ii) a lump sum payment equal to two times the sum of (A) Executive's Base Salary at the time of such termination, plus (B) the Bonus Amount in effect at the time of such termination; and
 - (iii) Executive shall be entitled to continue to participate, on the same basis as active employees participate in such plans, in the Company's medical and dental plans until the earlier of (A) Executive's eligibility for any such coverage under another employer's or any other medical or dental insurance plans or (B) two years from the date of termination of Executive's employment. In the event that participation in any such plan is barred, the Company shall reimburse Executive on a monthly basis for any premiums paid by Executive to obtain benefits (for Executive and his dependents) equivalent to the benefits he is entitled to receive under the Company's benefit plans. Executive agrees that the period of coverage under such plans (or the period of reimbursement if participation is barred) shall count against the plans' obligation to provide continuation coverage pursuant to COBRA.
- (d) Notwithstanding the provisions of Section 6(c), no payments shall be made under Section 6(c) if Executive declines to sign and return a Release Agreement or revokes such Release Agreement within the time provided therein. The Company shall make all payments required to be made under Section 6(c) within 30 days of the end of any revocation period relating to such Release Agreement.
 - (e) Except as provided in Section 6(c)(iii) above, Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise.
 - (f) Notwithstanding any other provision of this Agreement, no payment will be made pursuant to this Agreement if Executive is entitled to, and receives, payments or other benefits pursuant to the Change in Control Agreement.

7. Competitive Activity; Confidentiality; Nonsolicitation.

- (a) Acknowledgements and Agreements. Executive hereby acknowledges and agrees that in the performance of Executive's duties to the Company during the Employment Period, Executive will be brought into frequent contact, either in person, by telephone or through the mails, with existing and potential customers of the Company. Executive also agrees that trade secrets and confidential information of the Company, more fully described in Section 7(j) of this Agreement, gained by Executive during Executive's association with the Company, have been developed by the Company through substantial expenditures of time, effort and money and constitute valuable and unique property of the Company. Executive further understands and agrees that the foregoing makes it necessary for the protection of the business of the Company that Executive not compete with the Company during the Employment Period and not compete with the Company for a reasonable period thereafter, as further provided in the following subsections.
- (b) Covenants During the Employment Period. During the Employment Period, Executive will not compete with the Company anywhere within the United States. In accordance with this restriction, but without limiting its terms, during the Employment Period, Executive will not:
 - (i) enter into or engage in any business which competes with the business of the Company;
 - (ii) solicit customers, business, patronage or orders for, or

sell, any products and services in competition with, or for any business that competes with, the business of the Company;

- (iii) divert, entice or otherwise take away any customers, business, patronage or orders of the Company or attempt to do so; or
 - (iv) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of the Company.
- (c) Covenants Following Termination. For a period of one year following the termination of Executive's employment for any reason, Executive will not:
- (i) enter into or engage in any business which competes with the Company's business within the Restricted Territory (as defined in Section 7(g));
 - (ii) solicit customers, business, patronage or orders for, or sell, any products and services in competition with, or for any business, wherever located, that competes with, the Company's business within the Restricted Territory;
 - (iii) divert, entice or otherwise take away any customers, business, patronage or orders of the Company within the Restricted Territory, or attempt to do so; or
 - (iv) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the Company's business within the Restricted Territory.
- (d) Indirect Competition. For the purposes of Sections 7(b) and 7(c), but without limitation thereof, Executive will be in violation thereof if Executive engages in any or all of the activities set forth therein directly as an individual on Executive's own account, or indirectly as a partner, joint venturer, employee, agent, salesperson, consultant, officer and/or director of any firm, association, partnership, corporation or other entity, or as a stockholder of any corporation or the owner of the interests in any other entity, in which Executive or Executive's spouse, child or parent owns, directly or indirectly, individually or in the aggregate, more than five percent (5%) of the outstanding stock or other ownership interests.
- (e) The Company. For purposes of this Section 7, the Company shall include any and all direct and indirect subsidiary, parent, affiliated, or related companies of the Company.
- (f) The Company's Business. For the purposes of Sections 7(b), 7(c), 7(k) and 7(l), the Company's business is defined to be the development and sale of software products that facilitate electronic payments, as further described in any and all manufacturing, marketing and sales manuals and materials of the Company as the same may be altered, amended, supplemented or otherwise changed from time to time, or of any other products or services substantially similar to or readily suitable for any such described products and services.
- (g) Restricted Territory. For the purposes of Section 7(c), the Restricted Territory shall be defined as and limited to:
- (i) the geographic area(s) within a 100 mile radius of any and all Company location(s) in, to, or for which Executive worked, to which Executive was assigned or had any responsibility (either direct or supervisory) at the time of termination of Executive's employment and at any time during the one (1) year period prior to such termination; and
 - (ii) all of the specific customer accounts, whether within or outside of the geographic area described in (i) above, with which Executive had any contact or for which Executive had any responsibility (either direct or supervisory) at the time of termination of Executive's employment and at any time during the one (1) year period prior to such termination.

- (h) Extension. If it shall be judicially determined that Executive has violated any of Executive's obligations under Section 7(c), then the period applicable to each obligation that Executive shall have been determined to have violated shall automatically be extended by a period of time equal in length to the period during which such violation(s) occurred.
- (i) Non-Solicitation. For a period of two years following the termination of Executive's employment for any reason, Executive will not directly or indirectly solicit or induce or attempt to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Company and/or of its parent, or its other subsidiary, affiliated or related companies to terminate their employment, representation or other association with the Company and/or its parent or its other subsidiary, affiliated or related companies.
- (j) Further Covenants.
- (i) Executive will keep in strict confidence, and will not, directly or indirectly, at any time during or after Executive's employment with the Company, disclose, furnish, disseminate, make available or, except in the course of performing Executive's duties of employment, use any trade secrets or confidential business and technical information of the Company or its customers or vendors, including without limitation as to when or how Executive may have acquired such information. Such confidential information shall include, without limitation, the Company's unique selling, manufacturing and servicing methods and business techniques, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in Executive's mind or memory and whether compiled by the Company, and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Company to maintain the secrecy of such information, that such information is the sole property of the Company and that any retention and use of such information by Executive during Executive's employment with the Company (except in the course of performing Executive's duties and obligations to the Company) or after the termination of Executive's employment shall constitute a misappropriation of the Company's trade secrets.
- (ii) Executive agrees that upon termination of Executive's employment with the Company, for any reason, Executive shall return to the Company, in good condition, all property of the Company, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 7(j)(i) of this Agreement. In the event that such items are not so returned, the Company will have the right to charge Executive for all reasonable damages, costs, attorneys' fees and other expenses incurred in searching for, taking, removing and/or recovering such property.
- (k) Discoveries and Inventions; Work Made for Hire.
- (i) Executive hereby assigns and agrees to assign to the Company, its successors, assigns or nominees, all of Executive's rights to any discoveries, inventions and improvements, whether patentable or not, made, conceived or suggested, either solely or jointly with others, by Executive while in the Company's employ, whether in the course of Executive's employment with the use of the Company's time, material or facilities or that is in any way within or related to the existing or contemplated scope of the Company's business. Any discovery, invention or improvement relating to any subject matter with which the Company was concerned during Executive's employment and made, conceived or suggested by Executive, either

solely or jointly with others, within one (1) year following termination of Executive's employment under this Agreement or any successor agreements shall be irrebuttably presumed to have been so made, conceived or suggested in the course of such employment with the use of the Company's time, materials or facilities. Upon request by the Company with respect to any such discoveries, inventions or improvements, Executive will execute and deliver to the Company, at any time during or after Executive's employment, all appropriate documents for use in applying for, obtaining and maintaining such domestic and foreign patents as the Company may desire, and all proper assignments therefor, when so requested, at the expense of the Company, but without further or additional consideration.

(ii) Executive acknowledges that, to the extent permitted by law, all work papers, reports, documentation, drawings, photographs, negatives, tapes and masters therefor, prototypes and other materials (hereinafter, "items"), including without limitation, any and all such items generated and maintained on any form of electronic media, generated by Executive during Executive's employment with the Company shall be considered a "work made for hire" and that ownership of any and all copyrights in any and all such items shall belong to the Company. The item will recognize the Company as the copyright owner, will contain all proper copyright notices, e.g., "(creation date) [Company Name], All Rights Reserved," and will be in condition to be registered or otherwise placed in compliance with registration or other statutory requirements throughout the world.

- (l) Communication of Contents of Agreement. During Executive's employment and for one (1) year thereafter, Executive will communicate the contents of this Agreement to any person, firm, association, partnership, corporation or other entity which Executive intends to be employed by, associated with, or represent.
- (m) Relief. Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of Executive's obligations under this Agreement would be inadequate. Executive therefore agrees that, in addition to any other rights or remedies that the Company may have at law or in equity, temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision contained in Sections 7(b), 7(c), 7(d), 7(h), 7(i), 7(j), 7(k) and 7(l) of this Agreement, without the necessity of proof of actual damage.
- (n) Reasonableness. Executive acknowledges that Executive's obligations under this Section 7 are reasonable in the context of the nature of the Company's business and the competitive injuries likely to be sustained by the Company if Executive was to violate such obligations. Executive further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Company to perform its obligations under this Agreement and by other consideration, which Executive acknowledges constitutes good, valuable and sufficient consideration.

8. Definitions.

- (a) "Base Period" means the two most recent fiscal years of the Company ending prior to the date of Executive's termination of employment; provided, however that if Executive was not an employee of the Company (or a Predecessor Entity or a Related Entity, as such terms are defined in Section 8 hereof) at any time during one of such two fiscal years, the Base Period is the one fiscal year of such two-fiscal year period during which Executive performed personal services for the Company or a Predecessor Entity or a Related Entity.
- (b) "Bonus Amount" means the quotient of (i) the total of the annual bonus amounts described in Section 4(b) of this Agreement received by Executive during the fiscal year or years comprising the Base Period, divided by (ii) the number of the Company's fiscal years in the Base Period.
- (c) "Cause" means the occurrence of any of the following events prior to the termination of the Employment Period:

- (i) Executive's conviction of a felony involving moral turpitude;
- (ii) Executive's serious, willful gross misconduct or Executive's repeated failure or refusal to perform or observe Executive's material duties, responsibilities and obligations as an employee or officer of the Company for reasons other than Disability, if such misconduct, failure or refusal continues ten days following written notice thereof by the Company to Executive identifying the same and specifying that Executive's employment may be terminated if the same continues;
- (iii) Executive's breach of any provision of Section 7 of this Agreement, which is not cured within three days after written notice thereof to Executive; or
- (iv) Executive's violation of any provision of the Company's Code of Business Conduct and Ethics or the Company' Code of Ethics for the Chief Executive Officer and Senior Financial Officers, as the same may be amended from time to time.

For purposes of this Agreement, any termination of 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. No termination for Cause shall take effect until the expiration of the correction period, if any, described above and the determination by a majority of the non-employee members of the Board that Executive has failed to correct the act or failure to act.

- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (e) "Disability" means, as a result of Executive's incapacity due to physical or mental illness, 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 written notice of termination of employment is thereafter given by the Company, Executive shall not have returned to the full-time performance of Executive's duties.
- (f) "Good Reason" means a material adverse change in Executive's title, duties, authority or reporting relationship, without Executive's consent, excluding any inadvertent change that is remedied by the Company promptly after receipt of a written notice thereof from Executive or any other material breach of this Agreement that is not remedied by the Company promptly after receipt of a written notice thereof from Executive; provided, however, that during the two year period following a Change in Control (as such phrase is defined in the Change in Control Agreement), no Good Reason for termination shall have occurred under this Agreement unless Good Reason for termination exists under the terms of the Change in Control Agreement.
- (g) "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.
- (h) "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.
- (i) "Release Agreement" means an agreement, substantially in a form approved by the Company, pursuant to which Executive releases all current or future claims, known or unknown, arising on or before the date of the release against the Company, its subsidiaries and its officers.

9. Certain Additional Payments by the Company.

- (a) Anything in this Agreement to the contrary notwithstanding, in the event that this Agreement becomes operative and it is determined (as hereafter provided) that any payment (other than the Gross-Up payments provided for in this Section 9 and Annex A) or distribution by the Company or any of its affiliates to or for the benefit of Executive, whether paid or payable or distributed

or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, performance share, performance unit, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then Executive will be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"). The Gross-Up Payment will be in an amount such that, after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment. For purposes of determining the amount of the Gross-Up Payment, Executive will be considered to pay (x) federal income taxes at the highest rate in effect in the year in which the Gross-Up Payment will be made and (y) state and local income taxes at the highest rate in effect in the state or locality in which the Gross-Up Payment would be subject to state or local tax, net of the maximum reduction in federal income tax that could be obtained from deduction of such state and local taxes.

(b) The obligations set forth in Section 9(a) will be subject to the procedural provisions described in Annex A.

10. Executive Representations. Executive represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (b) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity and (c) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.
11. Survival. Subject to any limits on applicability contained therein, Section 7 hereof shall survive and continue in full force in accordance with its terms notwithstanding any termination of the Employment Period.
12. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.
13. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by reputable overnight carrier or mailed by first class mail, return receipt requested, to the recipient at the address below indicated:

Notices to Executive:

Philip G. Heasley
c/o Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, NE 68154

Notices to the Company:

Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, NE 68154
Attn: General Counsel

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement will be deemed to have been given when so delivered, sent or mailed.

14. Severability. Whenever possible, each provision of this Agreement shall

be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

15. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and effective as of its date supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.
16. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same agreement.
17. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, executors, personal representatives, successors and assigns, except that neither party may assign any rights or delegate any obligations hereunder without the prior written consent of the other party. Executive hereby consents to the assignment by the Company of all of its rights and obligations hereunder to any successor to the Company by merger or consolidation or purchase of all or substantially all of the Company's assets, provided such transferee or successor assumes the liabilities of the Company hereunder.
18. Choice of Law. This Agreement shall be governed by the internal law, and not the laws of conflicts, of the State of Nebraska.
19. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.
20. American Jobs Creation Act. Notwithstanding anything to the contrary in this Agreement, in the event that it is determined that any payment to be made under this Agreement is considered "nonqualified deferred compensation" subject to Section 409A of the American Jobs Creation Act of 2004, payment under this Agreement will be delayed for six months following termination of employment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Transaction Systems Architects, Inc.

By: /s/ Dennis P. Byrnes

Name: Dennis P. Byrnes
Title: Senior Vice President and
General Counsel

/s/ Philip G. Heasley

Executive

Annex A - Procedural provisions regarding the Gross Up Payment

Exhibit A - Stock Option Agreement (2005 Equity and Performance Incentive Plan)

Exhibit B - Change in Control Severance Compensation Agreement

Excise Tax Gross-Up Procedural Provisions

- (1) Subject to the provisions of Paragraph 5, all determinations required to be made under Section 9 and Annex A, including whether an Excise Tax is payable by Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by the Company to Executive and the amount of such Gross-Up Payment, if any, will be made by a nationally recognized accounting firm (the "National Firm") selected by Executive in Executive's sole discretion. Executive will direct the National Firm to submit its determination and detailed supporting calculations to both the Company and Executive within 30 calendar days after the date of termination of Executive's employment, if applicable, and any such other time or times as may be requested by the Company or Executive. If the National Firm determines that any Excise Tax is payable by Executive, the Company will pay the required Gross-Up Payment to Executive within five business days after receipt of such determination and calculations with respect to any Payment to Executive. If the National Firm determines that no Excise Tax is payable by Executive with respect to any material benefit or amount (or portion thereof), it will, at the same time as it makes such determination, furnish the Company and Executive with an opinion that Executive has substantial authority not to report any Excise Tax on Executive's federal, state or local income or other tax return with respect to such benefit or amount. As a result of the uncertainty in the application of Section 4999 of the Code and the possibility of similar uncertainty regarding applicable state or local tax law at the time of any determination by the National Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts or fails to pursue its remedies pursuant to Paragraph 5 and Executive thereafter is required to make a payment of any Excise Tax, Executive will direct the National Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and Executive as promptly as possible. Any such Underpayment will be promptly paid by the Company to, or for the benefit of, Executive within five business days after receipt of such determination and calculations.
- (2) The Company and Executive will each provide the National Firm access to and copies of any books, records and documents in the possession of the Company or Executive, as the case may be, reasonably requested by the National Firm, and otherwise cooperate with the National Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Paragraph 1. Any determination by the National Firm as to the amount of the Gross-Up Payment will be binding upon the Company and Executive.
- (3) The federal, state and local income or other tax returns filed by Executive will be prepared and filed on a consistent basis with the determination of the National Firm with respect to the Excise Tax payable by Executive. Executive will report and make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of Executive's federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of Executive's federal income tax return, or corresponding state or local tax return, if relevant, the National Firm determines that the amount of the Gross-Up Payment should be reduced, Executive will within five business days pay to the Company the amount of such reduction.
- (4) The fees and expenses of the National Firm for its services in connection with the determinations and calculations contemplated by Paragraph 1 will be borne by the Company. If such fees and expenses are initially paid by Executive, the Company will reimburse Executive the full amount of such fees and expenses within five business days after receipt from Executive of a statement therefor and reasonable evidence of Executive's payment thereof.
- (5) Executive will notify the Company in writing of any claim by the Internal Revenue Service or any other taxing authority that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification will be given as promptly as practicable but no later than 10 business days

after Executive actually receives notice of such claim and Executive will further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by Executive). Executive will not pay such claim prior to the expiration of the 30-calendar-day period following the date on which Executive gives such notice to the Company or, if earlier, the date that any payment of amount with respect to such claim is due. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive will:

- (a) provide the Company with any written records or documents in Executive's possession relating to such claim reasonably requested by the Company;
- (b) take such action in connection with contesting such claim as the Company reasonably requests in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;
- (c) cooperate with the Company in good faith in order effectively to contest such claim; and
- (d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company will bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and will indemnify and hold harmless Executive, on an after-tax basis, for and against any Excise Tax or income or other tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Paragraph 5, the Company will control all proceedings taken in connection with the contest of any claim contemplated by this Paragraph 5 and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided, however, that Executive may participate therein at Executive's own cost and expense) and may, at its option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company determines; provided, however, that if the Company directs Executive to pay the tax claimed and sue for a refund, the Company will advance the amount of such payment to Executive on an interest-free basis and will indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income or other tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim will be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive will be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

- (6) If, after the receipt by Executive of an amount advanced by the Company pursuant to Paragraph 5, Executive receives any refund with respect to such claim, Executive will (subject to the Company's complying with the requirements of Paragraph 5) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to Paragraph 5, a determination is made that Executive is not entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance will be forgiven and will not be required to be repaid and the amount of any such advance will offset, to the extent thereof, the amount of Gross-Up Payment required to be paid by the Company to Executive pursuant to Section 9 and this Annex A.

Stock Option Agreement (2005 Equity and Performance Incentive Plan)

[Intentionally omitted -- filed as Exhibit 10.2
to the Current Report on Form 8-K filed March 10, 2005]

Change in Control Severance Compensation Agreement

[Intentionally omitted -- filed as Exhibit 10.3
to the Current Report on Form 8-K filed March 10, 2005]

TRANSACTION SYSTEMS ARCHITECTS, INC.

Nonqualified Stock Option Agreement
(2005 Equity and Performance Incentive Plan)

This Stock Option Agreement (the "Option Agreement") is made as of March 9, 2005, by and between Transaction Systems Architects, Inc., a Delaware corporation (the "Corporation"), and Philip G. Heasley, an employee of the Corporation or its subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Incentive Plan (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Class A Common Stock (reclassified as Common Stock) (the "Stock"); and

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

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

1. GRANT OF NON-QUALIFIED STOCK OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in this Option Agreement, 1,000,000 shares of Stock (the "Option Shares"). The Date of Grant of this Option is March 9, 2005. This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Optionee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to be a part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

3. EXERCISE PRICE

The exercise price for the shares of Stock subject to the Option granted by this Option Agreement is \$22.65 per share, the closing price of the Stock on the day preceding the Date of Grant (the "Exercise Price").

4. EXERCISE OF OPTION

Subject to the provisions of the Plan and subject to the earlier expiration or termination of this Option in accordance with its terms, the Option granted pursuant to this Option Agreement shall be exercisable only as follows:

4.1. Time of Exercise of Option (Time Vested Option Shares)

4.1.1. The Option shall become exercisable with respect to 600,000 Option Shares (the "Time Vested Option Shares") only as follows: One-quarter of the Time Vested Option Shares (150,000 Option Shares) shall become exercisable on each of the first four anniversaries of the Date of Grant if the Optionee shall have remained in the continuous employ of the Corporation or any of its subsidiaries as of each such date.

4.1.2. Notwithstanding Section 4.1.1, if, during the term of this Option, the Optionee's employment is terminated by the Corporation without "Cause" or by the Optionee for "Good Reason," all of the unvested Time Vested Option Shares shall become immediately exercisable.

4.2. Time of Exercise of Option (Performance Vested Option Shares)

4.2.1. The Option shall become exercisable with respect to the remaining 400,000 Option Shares (the "Performance Vested Option Shares") only as follows: all of the Performance Vested Option Shares will vest, if at all, upon the attainment by the Corporation, at any time following the second anniversary of the Date of Grant, of a market price per share of the Stock of at least \$50 for sixty (60) consecutive trading days. For purposes of this Section 4.2, "market price" shall mean the closing price as reported by the National Association of Securities Dealers on the Nasdaq National Market or any successor system for a share of Stock.

4.2.2. Notwithstanding Section 4.2.1, if, within two years from the Date of Grant, the Optionee's employment is terminated by the Corporation without "Cause" or by the Optionee for "Good Reason," all of the Performance Vested Option Shares shall become immediately exercisable if, prior to such termination of employment, the Corporation has attained a market price per share of the Stock of at least \$50 for sixty (60) consecutive trading days.

4.3. Certain Definitions

For purposes of Sections 4.1.2 and 4.2.2, if (a) the Optionee's termination of employment does not occur within two years following a Change in Control, the terms "Cause" and "Good Reason" shall have the meanings set forth in the Employment Agreement between the Optionee and the Corporation (the "Employment Agreement"); and (b) if Optionee's termination of employment occurs within two years following a Change in Control, the terms "Cause" and "Good Reason" shall have the meanings set forth in the Change in Control Severance Compensation Agreement between the Optionee and the Corporation (the "Change in Control Agreement"). For purposes of this Section 4.3, "Change in Control" shall have the meaning set forth in the Change in Control Agreement.

4.4. Limitations

The portion of the Option that has not become exercisable as of the date of the Optionee's termination of employment with the Corporation or any of its subsidiaries for any reason shall automatically terminate as of the date of the Optionee's termination of employment with the Corporation or its subsidiaries and shall not become exercisable after such termination. To the extent the Option is exercisable, it may be exercised in whole or in part; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under this Option is less than 100 shares. In no event shall the Option be exercised for a fractional share.

4.5. Termination of Option

This Agreement and the Option granted hereby shall terminate automatically and without further notice on the earliest of the following dates:

4.5.1. 90 calendar days from the date of the Optionee's termination of employment with the Corporation or a subsidiary for any reason other than death or Disability (as defined in the Employment Agreement);

4.5.2. one year after the Optionee's Disability (as defined in the Employment Agreement);

4.5.3. one year after the Optionee's death, if such death occurs (i) while the Optionee is employed by the Corporation or a subsidiary of the Corporation, (ii) within the 90-day period following the Optionee's termination of employment for any reason other than Disability; or (iii) within the one-year period following the Optionee's termination of employment by reason of the Optionee's Disability; or

4.5.4. ten years from the Date of Grant.

The Corporation shall have the authority to determine the date an Optionee ceases to be an employee by reason of Disability. In the case of death, the Option may be exercised by the executor or administrator of the Optionee's estate or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance. The Optionee shall be deemed to be an employee of the Corporation or any subsidiary if on a leave of absence approved by the Board of Directors of the Corporation and the continuous employment of the Optionee with the Corporation or any of its subsidiaries will not be deemed to have been interrupted, and the Optionee shall not be deemed to have ceased to be an employee of the Corporation or its subsidiaries, by reason of the transfer of the Optionee's employment among the Corporation and its

subsidiaries.

4.6. Limitations on Exercise of Option

In no event may the Option be exercised, in whole or in part, after the occurrence of an event which results in termination of the Option, as set forth in Section 4.5 above.

4.7. Method of Exercise of Option

- 4.7.1. To the extent then exercisable, the Option may be exercised in whole or in part by written notice to the Corporation stating the number of shares for which the Option is being exercised and the intended manner of payment. The date of such notice shall be the exercise date. Payment equal to the aggregate Exercise Price of the shares shall be payable (i) in cash in the form of currency or check or other cash equivalent acceptable to the Corporation, (ii) by actual or constructive transfer to the Corporation of nonforfeitable, outstanding shares of Stock that have been owned by the Optionee for at least six months prior to the date of exercise or (iii) by any combination of the foregoing methods of payment. In no event shall the Option be exercised for a fractional share.
- 4.7.2. As soon as practicable upon the Corporation's receipt of the Optionee's notice of exercise and payment, the Corporation shall direct the due issuance of the shares so purchased.
- 4.7.3. As a further condition precedent to the exercise of this Option in whole or in part, the Optionee shall comply with all regulations and the requirements of any regulatory authority having control of, or supervision over, the issuance of the shares of Stock and in connection therewith shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

5. TRANSFERABILITY OF OPTIONS

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

6. COMPLIANCE WITH LAW

The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that notwithstanding any other provision of this Option Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any such law.

7. RIGHTS AS STOCKHOLDER

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

8. WITHHOLDING OF TAXES

If the Corporation shall be required to withhold any federal, state, local or foreign tax in connection with exercise of this Option, it shall be a condition to such exercise that the Optionee pay or make provision satisfactory to the Corporation for payment of all such taxes. The Optionee may elect that all or any part of such withholding requirement be satisfied by retention by the Corporation of a portion of the shares purchased upon exercise of this Option. If such election is made, the shares so retained shall be credited against such withholding requirement at the fair market value on the date of exercise.

9. DISCLAIMER OF RIGHTS

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

Optionee and the Corporation or any subsidiary.

10. INTERPRETATION OF THIS OPTION AGREEMENT

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

11. COMPLIANCE WITH SECTION 409A OF THE CODE

To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Optionee).

12. GOVERNING LAW

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

13. BINDING EFFECT

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

14. NOTICE

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

15. SEVERABILITY

If one or more of the provisions of this Option Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. ENTIRE AGREEMENT; ELIGIBILITY

This Option Agreement and the Plan together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Except for amendments to the Plan incorporated into this Option Agreement by reference pursuant to Section 2 above, neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof. In the event that it is determined that the Optionee was not eligible to receive this Option, the Option and this Option Agreement shall be null and void and of no further effect.

SIGNATURE PAGE

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

By: /s/ Dennis P. Byrnes

By: /s/ Philip G. Heasley

Dennis P. Byrnes
Senior Vice President and
General Counsel

Philip G. Heasley

ADDRESS FOR NOTICE TO OPTIONEE:

Number Street Apt.

City State Zip Code

SS# Hire Date

DESIGNATED BENEFICIARY:

Please Print Last Name, First Name MI

Beneficiary's Street Address

City State Zip Code

Beneficiary's Social Security Number

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

SIGNATURE

DATE

After completing this page, please make a copy for your records and return it to Stock Plan Administration, Transaction Systems Architects, Inc., 330 S. 108 Avenue, Omaha, NE 68154

2005 Equity and Performance Incentive Plan - US Plan

_____ Options \$_____/Share Exercise Price _____ Date

CHANGE IN CONTROL
SEVERANCE COMPENSATION AGREEMENT

This CHANGE IN CONTROL SEVERANCE COMPENSATION AGREEMENT (this "Agreement") is dated as of March 8, 2005 between Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and Philip G. Heasley (the "Executive").

WHEREAS, the Company's Board of Directors (the "Board") has determined that it is appropriate to reinforce and encourage the continued attention and dedication of the Executive to his assigned duties without distraction arising from the possibility of a change in control of the Company; and

WHEREAS, the Company and the Executive have entered into an employment agreement dated as of March 8, 2005 (the "Employment Agreement").

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) two 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 sub-clauses (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) consummation 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) Entitlement to Compensation. 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;

(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); and

(iv) the Executive executes and delivers to the Company the Release Agreement contemplated under the Employment Agreement.

(b) Disability. For purposes of this Agreement only, "Disability" shall mean that, 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.

(c) Retirement. 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) Cause. For purposes of this Agreement only, "Cause" shall mean the occurrence of any of the following events: (i) the Executive's conviction of a felony involving moral turpitude; (ii) the Executive's serious, willful gross misconduct or the Executive's repeated failure or refusal to perform or observe the Executive's material duties, responsibilities and obligations as an employee or officer of the Company for reasons other than Disability, if such misconduct, failure or refusal continues ten days following written notice thereof by the Company to the Executive identifying the same and specifying that the Executive's employment may be terminated if the same continues; (iii) the Executive's breach of any provision of Section 7 of the Employment Agreement, which is not cured within three days after written notice thereof to the Executive; or (iv) the Executive's violation of any provision of the Company's Code of Business Conduct and Ethics or the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, as the same may be amended from time to time.

For purposes of this Agreement, 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. No termination for Cause shall take effect until the expiration of the correction period, if any, described above 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.

(e) Good Reason. 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) except in connection with the termination of the Executive's employment for Disability, Retirement or Cause, the assignment to the Executive of any material duties inconsistent with the Executive's status or position with the Company, or any other action by the Company that results in a substantial diminution in such status or position, excluding any isolated, insubstantial, or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof from the Executive; provided, however, that any change in the Executive's title or reporting relationship as a consequence of the Change in Control shall not be considered Good Reason, and any determination of Good Reason, to the extent such determination relates to Executive's title or reporting relationship, shall be made by reference to Executive's title or reporting relationship that exists as a consequence of the Change in Control;

(ii) a material reduction by the Company in the Executive's annual base salary or target incentive in effect immediately prior to the Change in Control;

(iii) the failure by the Company to continue to provide the Executive with benefits at least as favorable in the aggregate to those enjoyed by the Executive under the Company's life insurance, medical, health and accident, disability, deferred compensation, or savings plans in which Executive was participating at the time of the Change in Control, the taking of any action by the Company that would directly or indirectly materially reduce any such benefits or deprive the Executive of any material fringe benefit enjoyed at the time of the Change in Control, or the failure of the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of the Change in Control, but excluding any failure or action by the Company that is not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof from the Executive;

(iv) the Company requiring the Executive to relocate to any place other than a location within 40 miles of the location at which Executive performed his primary duties immediately prior to the Change in Control or, if the Executive is based at the Company's principal executive offices, the relocation of the Company's principal executive offices to a location more than 40 miles from its location immediately prior to the Change in Control, except for required

travel on the Company's business to an extent substantially consistent with the Executive's prior business travel obligations;

(v) any material breach of this Agreement that is not remedied by the Company promptly after receipt of a written notice thereof from the Executive; or

(vi) the failure of the Company to obtain agreement from any successor to assume and agree to perform the Agreement.

(f) Notice of Termination. 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. "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) Severance Compensation. 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; provided, however, that if the Executive's termination of employment occurs at any time during fiscal year 2005, this Section 4(a)(iii) shall not apply and the Executive shall not be entitled to any portion of the bonus for fiscal year 2005; 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. "Severance Amount" shall mean a lump sum payment equal to two times the sum of (A) Executive's Base Salary at the time of such termination, plus (B) the Bonus Amount in effect at the time of such termination. For purposes of this subsection (b):

(i) "Base Salary" shall have the meaning set forth in the Employment Agreement;

(ii) "Bonus Amount" means the quotient of (i) the total of the annual bonus amounts described in Section 4(b) of the Employment Agreement received by Executive during the fiscal year or years comprising the Base Period, divided by (ii) the number of the Company's fiscal years

in the Base Period. "Base Period" means the two most recent fiscal years of the Company ending prior to the date of Executive's termination of employment; provided, however that if Executive was not an employee of the Company (or a Predecessor Entity or a Related Entity) at any time during one of such two fiscal years, the Base Period is the one fiscal year of such two-fiscal year period during which Executive performed personal services for the Company or a Predecessor Entity or a Related Entity.

(iii) "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.

(iv) "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) Continued Participation in Employee Benefits. 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 agrees that the period of coverage under such plans shall count against the plans' obligation to provide continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1965, as amended (COBRA).

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

(a) No Mitigation. 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, except as provided in Section 4(c) above, 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) Effect on Other Rights. Except as otherwise provided in Section 11 hereof, 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, stock option agreement, employment agreement or other contract, plan or agreement with or of the Company.

6. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

Anything in this Agreement to the contrary notwithstanding, in the event that this Agreement becomes operative and it is determined (as hereafter provided) that any payment (other than the Gross-Up payments provided for in this Section 6 and Appendix A) or distribution by the Company or any of its affiliates 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 pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, performance share, performance unit, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then the Executive will be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"). The Gross-Up Payment will be 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 any 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 Payment. For purposes of determining the amount of the Gross-Up Payment, the Executive will be considered to pay (x) federal income taxes at the highest rate in effect in the year in which the Gross-Up Payment will be made and (y) state and local income taxes at the highest rate in effect in the state or locality in which the Gross-Up Payment would be subject to state or local tax, net of the maximum reduction in federal income tax that could be obtained from deduction of such state and local taxes. The obligations set forth in this Section 6 will be subject to the procedural provisions described in Appendix A.

7. SUCCESSORS.

(a) The Company's Successors. 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 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive's Successors. 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.

8. AMERICAN JOBS CREATION ACT.

Notwithstanding anything to the contrary in this Agreement, in the event that it is determined that any payment to be made under this Agreement is considered "nonqualified deferred compensation" subject to Section 409A of the American Jobs Creation Act of 2004, payment under this Agreement will be delayed for six months following termination of employment.

9. 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 108th Avenue
Omaha, NE 68154
Attn: General Counsel

If to the Executive:

Philip G. Heasley
c/o Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, NE 68154

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.

10. 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 or the Employment 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.

11. CONFLICT IN BENEFITS.

The provisions of this Agreement will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company (or any subsidiary or affiliate thereof) providing employee benefits, which rights will be governed by the terms thereof, except for any rights to severance compensation to which Executive may be entitled upon termination of employment, including under the Employment Agreement between the Executive and the Company, which rights will be deemed to have been satisfied to the extent and only to the extent comparable benefits are provided under this Agreement.

12. 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.

13. 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 14 shall expressly survive the termination of this Agreement.

14. 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 of 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.

15. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

16. 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.

17. 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.

18. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 7(b), the Executive's rights and interests 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.

19. 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.

20. 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.

21. 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.

22. NUMBERS 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.

By: /s/ Dennis P. Byrnes

Title: Senior Vice President and
General Counsel

EXECUTIVE:

/s/ Philip G. Heasley

Philip G. Heasley

APPENDIX A

Excise Tax Gross-Up Procedural Provisions

- (1) Subject to the provisions of Paragraph 5, all determinations required to be made under Section 6 and Appendix A, including whether an Excise Tax is payable by the Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by the Company to the Executive and the amount of such Gross-Up Payment, if any, will be made by a nationally recognized accounting firm (the "National Firm") selected by the Executive in the Executive's sole discretion. The Executive will direct the National Firm to submit its determination and detailed supporting calculations to both the Company and the Executive within 30 calendar days after the date of termination of the Executive's employment, if applicable, and any such other time or times as may be requested by the Company or the Executive. If the National Firm determines that any Excise Tax is payable by the Executive, the Company will pay the required Gross-Up Payment to the Executive within five business days after receipt of such determination and calculations with respect to any Payment to the Executive. If the National Firm determines that no Excise Tax is payable by the Executive with respect to any material benefit or amount (or portion thereof), it will, at the same time as it makes such determination, furnish the Company and the Executive with an opinion that the Executive has substantial authority not to report any Excise Tax on the Executive's federal, state or local income or other tax return with respect to such benefit or amount. As a result of the uncertainty in the application of Section 4999 of the Code and the possibility of similar uncertainty regarding applicable state or local tax law at the time of any determination by the National Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company

should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts or fails to pursue its remedies pursuant to Paragraph 5 and the Executive thereafter is required to make a payment of any Excise Tax, the Executive will direct the National Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and the Executive as promptly as possible. Any such Underpayment will be promptly paid by the Company to, or for the benefit of, the Executive within five business days after receipt of such determination and calculations.

- (2) The Company and the Executive will each provide the National Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the National Firm, and otherwise cooperate with the National Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Paragraph 1. Any determination by the National Firm as to the amount of the Gross-Up Payment will be binding upon the Company and the Executive.
- (3) The federal, state and local income or other tax returns filed by the Executive will be prepared and filed on a consistent basis with the determination of the National Firm with respect to the Excise Tax payable by the Executive. The Executive will report and make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of the Executive's federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of the Executive's federal income tax return, or corresponding state or local tax return, if relevant, the National Firm determines that the amount of the Gross-Up Payment should be reduced, the Executive will within five business days pay to the Company the amount of such reduction.
- (4) The fees and expenses of the National Firm for its services in connection with the determinations and calculations contemplated by Paragraph 1 will be borne by the Company. If such fees and expenses are initially paid by the Executive, the Company will reimburse the Executive the full amount of such fees and expenses within five business days after receipt from the Executive of a statement therefor and reasonable evidence of the Executive's payment thereof.
- (5) The Executive will notify the Company in writing of any claim by the Internal Revenue Service or any other taxing authority that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification will be given as promptly as practicable but no later than 10 business days after the Executive actually receives notice of such claim and the Executive will further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by the Executive). The Executive will not pay such claim prior to the expiration of the 30-calendar-day period following the date on which the Executive gives such notice to the Company or, if earlier, the date that any payment of amount with respect to such claim is due. If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive will:
 - (a) provide the Company with any written records or documents in the Executive's possession relating to such claim reasonably requested by the Company;
 - (b) take such action in connection with contesting such claim as the Company reasonably requests in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;
 - (c) cooperate with the Company in good faith in order effectively to contest such claim; and
 - (d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company will bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and will indemnify and hold harmless the Executive, on an after-tax basis, for and against any Excise Tax or income or other tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this

Paragraph 5, the Company will control all proceedings taken in connection with the contest of any claim contemplated by this Paragraph 5 and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided, however, that the Executive may participate therein at the Executive's own cost and expense) and may, at its option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company determines; provided, however, that if the Company directs the Executive to pay the tax claimed and sue for a refund, the Company will advance the amount of such payment to the Executive on an interest-free basis and will indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income or other tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim will be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive will be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

- (6) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph 5, the Executive receives any refund with respect to such claim, the Executive will (subject to the Company's complying with the requirements of Paragraph 5) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph 5, a determination is made that the Executive is not entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance will be forgiven and will not be required to be repaid and the amount of any such advance will offset, to the extent thereof, the amount of Gross-Up Payment required to be paid by the Company to the Executive pursuant to Section 6 and this Appendix A.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Nonqualified Stock Option Agreement - Non-Employee Director

(2005 Equity and Performance Incentive Plan)

This Stock Option Agreement (the "Option Agreement") is made as of _____, by and between Transaction Systems Architects, Inc., a Delaware corporation (the "Corporation"), and [_____], a Non-Employee Director of the Corporation or its Subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Incentive Plan (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Class A Common Stock (reclassified as Common Stock) (the "Stock"); and

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

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

1. GRANT OF NON-QUALIFIED STOCK OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in this Option Agreement, [_____] shares of Stock (the "Option Shares"). The Date of Grant of this Option is _____. This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Optionee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to be a part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern. Capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Plan.

3. EXERCISE PRICE

The exercise price for the shares of Stock subject to the Option granted by this Option Agreement is \$_____ per share (the "Exercise Price").

4. EXERCISE OF OPTION

Subject to the provisions of the Plan and subject to the earlier expiration or termination of this Option in accordance with its terms, the Option granted pursuant to this Option Agreement shall be exercisable only as follows:

4.1. Time of Exercise of Option

4.1.1. The Option shall become exercisable with respect to 100% of the Option Shares on the earlier to occur of (i) the date which is one year following the Date of Grant and (ii) the day immediately prior to the date of the next annual meeting of the stockholders of the Corporation occurring following the Date of Grant.

4.1.2. Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, the Option granted under this Option Agreement shall become immediately exercisable upon the occurrence of a Change in Control (as defined in Section 9 below) if the Optionee holding such Option is a Non-Employee Director of the Corporation or a Subsidiary of the Corporation on the date of the consummation of such Change

in Control.

4.1.3 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee ceases to be a Non-Employee Director of the Corporation or a Subsidiary of the Corporation by reason of Disability (as defined in Section 4.3.2 below), the unexercised portion of any Option held by such Optionee at that time will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

4.1.4 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee dies while serving as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation (or dies within a period of one month after termination of his service as a Non-Employee Director for any reason other than Disability or within a period of one year after termination of his service as Non-Employee Director by reason of Disability), the unexercised portion of any Option held by such Optionee at the time of death will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

4.2. Limitations

The portion of the Option that has not become exercisable as of the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or any of its Subsidiaries for any reason shall automatically terminate as of the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or its Subsidiaries and shall not become exercisable after such termination. To the extent the Option is exercisable, it may be exercised, in whole or in part; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under this Option is less than 100 shares. In no event shall the Option be exercised for a fractional share.

4.3. Termination of Option

This Agreement and the Option granted hereby shall terminate automatically and without further notice on the earliest of the following dates:

- 4.3.1. 90 calendar days from the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation for any reason other than death or Disability (as defined below);
- 4.3.2. one year after the Optionee's permanent and total disability as defined in Section 22(e)(3) of the Code ("Disability");
- 4.3.3. one year after the Optionee's death, if such death occurs (i) while the Optionee is serving as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation, (ii) within the 90-day period following the Optionee's termination of service as a Non-Employee Director for any reason other than Disability; or (iii) within the one-year period following the Optionee's termination of service as a Non-Employee Director by reason of the Optionee's Disability; or
- 4.3.4. ten years from the Date of Grant.

The Corporation shall have the authority to determine the date an Optionee ceases to serve as a Non-Employee Director by reason of Disability. In the case of death, the Option may be exercised by the executor or administrator of the Optionee's estate or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance.

4.4. Limitations on Exercise of Option

In no event may the Option be exercised, in whole or in part, after the occurrence of an event which results in termination of the Option, as set forth in Section 4.3 above. The Option shall not be exercisable if and to the extent the Corporation determines such exercise or method of exercise would violate applicable securities laws, the rules and regulations of any securities exchange or quotation system on which the Stock is listed, or the Corporation's policies and procedures.

4.5. Method of Exercise of Option

- 4.5.1. To the extent then exercisable, the Option may be exercised in whole or in part by written notice to the Corporation stating

the number of shares for which the Option is being exercised and the intended manner of payment. The date of such notice shall be the exercise date. Payment equal to the aggregate Exercise Price of the shares shall be payable (i) in cash in the form of currency or check or other cash equivalent acceptable to the Corporation, (ii) by actual or constructive transfer to the Corporation of nonforfeitable, outstanding shares of Stock that have been owned by the Optionee for at least six months prior to the date of exercise, (iii) by any combination of the foregoing methods of payment, or (iv) in accordance with such other method or manner as set forth below.

(A) Cash Exercise (to exercise and retain the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock Plan Administration, or to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised plus the full amount of all applicable withholding taxes due on the Option exercise. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option shall be made either in cash or by certified check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

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

(C) Sell-to-Cover Exercise (to exercise and immediately sell a portion of the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell the portion (which must be a whole number) of the shares of Stock to be issued upon exercise sufficient to generate proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage or transfer fees, and all applicable taxes due on the Option exercise (collectively the "Exercise Costs") and (2) remit to the Corporation a sufficient portion of the sale proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and

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

4.5.2. As soon as practicable upon the Corporation's receipt of the Optionee's notice of exercise and payment, the Corporation shall direct the due issuance of the shares so purchased.

4.5.3. As a further condition precedent to the exercise of this Option in whole or in part, the Optionee shall comply with all regulations and the requirements of any regulatory authority having control of, or supervision over, the issuance of the shares of Stock and in connection therewith shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

5. TRANSFERABILITY OF OPTIONS

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

6. COMPLIANCE WITH LAW

The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that notwithstanding any other provision of this Option Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any such law.

7. RIGHTS AS STOCKHOLDER

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

8. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by or to serve as a Non-Employee Director of the Corporation, or to interfere in any way with the right and authority of the Corporation either to increase or decrease the compensation or other benefits of the Optionee at any time, or to terminate any relationship between the Optionee and the Corporation.

9. CHANGE IN CONTROL

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

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

the conditions described in sub-clauses (i), (ii) and (iii) of clause (c) of this Section 9 are satisfied; or

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

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

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

corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Corporation.

10. INTERPRETATION OF THIS OPTION AGREEMENT

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

11. COMPLIANCE WITH SECTION 409A OF THE CODE.

To the extent applicable, it is intended that this Option Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Option Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Option Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Optionee).

12. GOVERNING LAW

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

13. BINDING EFFECT

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

14. NOTICE

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

15. SEVERABILITY

If one or more of the provisions of this Option Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. ENTIRE AGREEMENT; ELIGIBILITY

This Option Agreement and the Plan together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Except for amendments to the Plan incorporated into this Option Agreement by reference pursuant to Section 2 above, neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof. In the event that it is determined that the Optionee was not eligible to receive this Option, the Option and this Option Agreement shall be null and void and of no further effect.

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

Transaction Systems Architects, Inc.

Optionee:

By: _____
[_____]

By: _____
[_____]

ADDRESS FOR NOTICE TO OPTIONEE:

Number Street Apt.

City State Zip Code

SS# Hire Date

DESIGNATED BENEFICIARY:

Please Print Last Name, First Name MI

Beneficiary's Street Address

City State Zip Code

Beneficiary's Social Security Number

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

SIGNATURE

DATE

After completing this page, please make a copy for your records and return it to Stock Plan Administration, Transaction Systems Architects, Inc., 330 S. 108 Avenue, Omaha, NE 68154

2005 Equity and Performance Incentive Plan - US Plan
_____ Options \$_____/Share Exercise Price _____ Date

AMENDMENTS TO THE 2002 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN
AND RELATED OPTION AGREEMENTS

I.

Amendment to 2002 Non-Employee Director Stock Option Plan

This Amendment to the Transaction Systems Architects, Inc. 2002 Non-Employee Director Stock Option Plan (the "Plan") is made as of March 7, 2005.

Section 13 is hereby amended to provide that, notwithstanding Section 13, with respect to options granted to Frank R. Sanchez on May 8, 2002 and March 9, 2004, such options may be exercised as to 100% of the shares available for purchase under such options as of the date of this Amendment.

II.

Amendment No. 1 to Stock Option Agreement, dated May 8, 2002
(under Transaction Systems Architects, Inc.
2002 Non-Employee Director Stock Option Plan)

This Amendment No. 1 to the Stock Option Agreement (the "2002 Stock Option Agreement"), dated as of May 8, 2002, by and between Transaction Systems Architects, Inc. (the "Company") and Frank R. Sanchez (the "Optionee") is made as of March 7, 2005.

Section 4.1 of the 2002 Option Agreement is hereby amended in its entirety to read as follows:

"As of March 7, 2005, the Option will be fully vested and the Optionee may purchase up to 100% of the shares of Stock available for purchase under the Option; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under the Option is less than 100 shares. In no event shall the Option be exercised for a fractional share."

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III.

Amendment No. 1 to Stock Option Agreement, dated March 9, 2004
(under Transaction Systems Architects, Inc.
2002 Non-Employee Director Stock Option Plan)

This Amendment No. 1 to the Stock Option Agreement (the "2004 Stock Option Agreement"), dated as of March 9, 2004, by and between the Company and the Optionee is made as of March 7, 2005.

Section 4.1 of the 2004 Option Agreement is hereby amended in its entirety to read as follows:

"As of March 7, 2005, the Option will be fully vested and the Optionee may purchase up to 100% of the shares of Stock available for purchase under the Option; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under the Option is less than 100 shares. In no event shall the Option be exercised for a fractional share."

