

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**Date of Report (Date of earliest event reported): May 10, 2007**

**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  
(IRS Employer  
Identification No.)

120 Broadway, Suite 3350  
New York, New York 10271  
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (646) 348-6700

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

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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 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

On May 14, 2007, Transaction Systems Architects, Inc. (the "Company") received an additional written Staff Determination notice from the NASDAQ Stock Market ("NASDAQ") stating that the Company is not in compliance with NASDAQ's Marketplace Rule 4310(c)(14) because it did not timely file its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007. In response to similar letters the Company received in January 2007 and February 2007 following its failure to timely file its Form 10-K for the fiscal year ended September 30, 2006 and its Form 10-Q for the fiscal quarter ended December 31, 2006, the Company requested and was granted a hearing before the NASDAQ Listing Qualifications Panel, which took place on February 22, 2007. On April 13, 2007, the Company received a written notification from the Staff of NASDAQ stating that the NASDAQ Listing Qualifications Panel has granted the request of the Company for continued listing on NASDAQ Global Select Market, subject to the condition that the Company file its Form 10-K for the fiscal year ended September 30, 2006, and its Form 10-Q for the quarter ended December 31, 2006, and all required restatements, by July 2, 2007. The Company filed its Annual Report on Form 10-K for the fiscal year ended September 30, 2006 on May 11, 2007. However,

there can be no assurance that the Company will satisfy the other condition for continued listing, that the Company will be granted any extension of time to meet such condition, if necessary, or that the Company's common stock will remain listed on NASDAQ Global Select Market.

The Company issued a press release on May 16, 2007, disclosing its receipt of this notice from NASDAQ. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.**

(b) On May 10, 2007, the Board of Directors of Transaction Systems Architects, Inc. (the "Company"), appointed Henry C. Lyons, age 43, the Company's Chief Financial Officer and Treasurer, to serve as the Chief Accounting Officer of the Company. Prior to joining the Company, Mr. Lyons served from April 2004 to September 2007 as Chief Financial Officer for Discovery Systems, a business unit of GE Healthcare Biosciences, Inc. From April 2001 to April 2004, Mr. Lyons was employed by Amersham Biosciences, Inc. (which was acquired by GE Healthcare in 2004) as Corporate Controller of the Biosciences division and then as Vice President of Finance of the Discovery Systems segment. Prior to joining Amersham Biosciences, Inc., Mr. Lyons held various positions with W.R. Grace & Company and Ernst & Young.

David R. Bankhead, the Company's former Chief Accounting Officer, will continue with the Company and serve as a Senior Vice President. Mr. Bankhead served as Senior Vice President and Chief Accounting Officer of the Company from October 2006 to May 2007. Mr. Bankhead also served as the Company's Chief Financial Officer and Treasurer from July 2003 to September 2007.

(e) On May 10, 2007, the Company entered into a Separation, Non-Compete, Non-Solicitation and Non-Disclosure Agreement and General Release with Anthony J. Parkinson,

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(the "Parkinson Separation Agreement"), an executive officer of the Company. The Parkinson Separation Agreement provides the terms and conditions of Mr. Parkinson's termination of employment with the Company, which will be effective July 31, 2007 (the "Termination Date"). Pursuant to the Parkinson Separation Agreement, which is attached as Exhibit 10.1 to this Current Report and incorporated herein by this reference, the Company will pay Mr. Parkinson (i) a lump sum cash payment of \$450,000 within thirty days following the effective date of the agreement, and (ii) a lump sum cash payment of \$500,000 on July 31, 2008, less applicable withholdings and deductions. In addition, the Company will pay Mr. Parkinson additional compensation amounts, including (a) the payment of any bonus due to Mr. Parkinson under the Company's 2007 Management Incentive Compensation Plan for the period from April 1, 2007 through June 30, 2007, (b) the difference between Mr. Parkinson's COBRA premiums and the premium he was required to pay while an active employee for a period of eighteen (18) months following the Termination Date, if he timely elects COBRA continuation coverage, and (c) up to sixty (60) days of outplacement services. Mr. Parkinson will be subject, in certain circumstances, to non-competition and non-solicitation obligations for a period of twenty-four (24) months from the Termination Date and he will continue to be subject to certain confidentiality obligations.

**Item 7.01. Regulation FD Disclosure.**

On May 16, 2007, the Company posted investor presentation materials on its web site ([www.tsainc.com](http://www.tsainc.com)) to be used in connection with meetings with investors that management expects to have from time to time. A copy of the presentation materials is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 7.01.

The foregoing information (including the exhibit hereto) is being furnished under "Item 7.01—Regulation FD Disclosure." Such information (including the exhibit hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The filing of this Report and the furnishing of this information pursuant to Item 7.01 do not mean that such information is material or that disclosure of such information is required.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
10.1	Separation, Non-Compete, Non-Solicitation and Non-Disclosure Agreement and General Release with Anthony J. Parkinson dated May 10, 2007
99.1	Press Release dated May 16, 2007
99.2	Investor Presentation dated May 2007

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**SIGNATURES**

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

TRANSACTION SYSTEMS ARCHITECTS, INC.

/s/ Dennis P. Byrnes  
Dennis P. Byrnes, Senior Vice President

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Date: May 16, 2007

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### EXHIBIT INDEX

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**SEPARATION, NON-COMPETE, NON-SOLICITATION, AND  
NON-DISCLOSURE AGREEMENT AND GENERAL RELEASE**

May 10, 2007,

Dear Anthony,

This Letter Agreement (the "Agreement"), reflects our mutual understanding with respect to your separation from Transactions Systems Architects, Inc. (the "Company", and together with its subsidiaries and their affiliates, "TSA") and sets forth the payments and benefits that you will be eligible to receive under this Agreement, subject to the terms and conditions set forth herein.

1. Your employment with TSA will terminate effective July 31, 2007 (the "Termination Date"). Effective as of the Termination Date, you will cease to be an employee of TSA and you will have no authority to take any action on behalf of or otherwise bind TSA. You also agree to take all actions necessary to resign from any directorship you may hold with TSA.
2. Until the close of business on the Termination Date, you will continue to receive (a) salary payments at your current annual base salary rate of \$250,000 (less applicable withholdings and deductions), paid in accordance with TSA's payroll practices in the ordinary course and (b) the benefits commensurate with the level and type of benefits you currently receive.
3. In consideration for you entering into this Agreement, including, you agreeing to comply with the covenants set forth in Section 5 and executing the attached General Release (which is incorporated herein), (a) TSA will pay you (i) within 30 days following the Effective Date (as defined in the General Release), a lump sum cash payment in amount equal to \$450,000, and (ii) a lump-sum cash payment in an amount equal to \$500,000 on July 31, 2008 (collectively, the "Additional Payments"), less applicable withholdings and deductions. In addition to the Additional Payments, (a) you will be eligible to receive, in full satisfaction of Company's obligation to you under the Management Incentive Compensation Plan (the "MIC"), an amount equal to the MIC bonus you would have received on the date of payment for the period from April 1, 2007 to June 30, 2007, such amount to be calculated in a manner similar to the amount calculated under the MIC for other employees (without regard to any subsequent adjustments under the MIC) and will be paid to you on or about August 15, 2007, (b) if you timely elect COBRA continuation coverage, the Company will pay that portion of your COBRA premium which exceeds the premium you were required to pay for such health plan coverage while an active employee, as in effect immediately prior to the Termination Date for a period of 18 months following the Termination Date and (c) you will be eligible, at no cost to you, for outplacement services through Lee Hecht Harrison for a period of up to sixty (60) days following the Termination Date.
4. This Agreement sets forth the entire agreement and understanding relating to your employment relationship with and termination from TSA, and supersedes all prior discussions, negotiations, and agreements concerning your employment with TSA and separation therefrom, including but not limited to, Stock and Warrant Holders' Agreement among ACI Holding, Inc and the several stock and warrant holders named in appendix I thereto, dated December 30, 1993 and the Severance Agreement between you and the Company, dated July 31, 1999, as amended; provided that the provisions of the Applied Communication, Inc. Employee Invention and Confidential Information Agreement previously executed by you shall remain in full force and effect to the extent the provisions contained therein are not inconsistent with the provisions contained in this Agreement.
5. In consideration of the payments and benefits described in Section 3 above, you hereby:

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(a) Agree to execute the General Release, and

(b) covenant and agree that for a period of twenty-four (24) months from the Termination Date (the "Non-Compete Period"), you will not, directly or indirectly, individually or on behalf of any other person or entity do or suffer any of the following:

(i) engage or have an economic interest in (whether as owner, shareholder, investor, partner, lender, consultant, employee, agent, director or otherwise) any business which the Company is engaged or has reasonably firm plans to engage in during twenty-four (24) months prior to the Termination Date (the "Competing Business") (including any successor in interest which has acquired the Competing Business within the Non-Compete Period); provided, however, that nothing in this subparagraph will be deemed to prohibit the acquisition or holding of not more than 5% of the shares or other securities of a publicly traded entity;

(ii) undertake a position with any person or entity which is or had been a client or customer of TSA during the 24 months preceding the Termination Date (a "Company Client");

(iii) solicit any business pertaining to the Company Business or request, induce, or advise any Company Client to withdraw, curtail, or cancel such Company Business with TSA; or knowingly accept any business pertaining to the Company Business from any Company Client; or

(iv) solicit any individual who is or has been within twenty-four (24) months prior to the date of such solicitation, an employee, representative or agent of TSA ("Employee") to leave his employment to accept employment with any Competing Business. For purposes of this Section 5(b), the term "solicit" includes, but is not limited to, (A) initiating communications with an Employee relating to possible employment and (B) offering bonuses or additional compensation to encourage an Employee to terminate his or her employment; or hiring, engaging, or retaining (or arranging to have any other person do so) any Employee to work for any Company Client or Competing Business.

(c) You agree not to disclose, at any time, to any person not employed by TSA, or not engaged to render services to TSA, except with the prior written consent of an officer authorized to act in the matter by TSA's Board of Directors (the "Board"), any confidential information of

TSA obtained by you while in the employ of TSA, including, without limitation, information relating to the finances, strategy, organization, operations, inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, supplies, client relationships, marketing strategies or trade secrets of TSA; provided, however, that this provision shall not preclude you from use or disclosure of information known generally to the public or of information not considered confidential by persons engaged in the business conducted by TSA or from disclosure required by law or court order if, in the case of such required disclosure, you have given TSA reasonable prior notice in order to permit TSA to take steps to protect the information from public disclosure. You agree that your agreement in this Section 5(c) shall be in addition to, and not in limitation or derogation of, any obligations otherwise imposed by law upon you in respect of confidential information and trade secrets of TSA.

(d) You agree that you will not take with you, without the prior written consent of an officer authorized to act in the matter by the Board, and will surrender to TSA prior to the Termination Date, any record, list, drawing, blueprint, specification or other document or property of TSA, together with any copy and reproduction thereof, mechanical or otherwise, which is of a confidential nature relating to TSA, including without limitation, relating to its finances, strategy, organization, operations, inventions, processes, formulae, plans, devices, compilations of information, methods of distribution, customers, suppliers, client relationships, marketing strategies or trade secrets, which was obtained by you or entrusted to you during the course of your employment with TSA.

(e) You agree that you shall not at any time, directly or indirectly, make or cause to be made any statement or criticism which is adverse to the interests of TSA or their clients or customers; nor will you take any action that may reasonably cause TSA or its clients or customers significant embarrassment, humiliation, or otherwise cause or contribute to TSA or their clients or customers being held in disrepute by the public or TSA's clients, customers, or employees, except as required by law.

(f) You agree to cooperate fully with TSA's counsel in connection with any present and future actual or threatened litigation or administrative proceeding involving TSA that relates to events, occurrences or conduct occurring (or claimed to have occurred) during the period of your employment with TSA. You agree that this cooperation by you will include, but not be limited to: (i) making yourself reasonably available for interviews and discussions with TSA's counsel as well as for depositions and trial testimony; (ii) if depositions or trial testimony are to occur, making yourself reasonably available and cooperating in the preparation therefor as and to the extent that TSA or TSA's counsel reasonably requests; (iii) refraining from impeding in any way TSA's prosecution or defense of such litigation or administrative proceeding; and (iv) cooperating fully in the development and presentation of TSA's prosecution or defense of such litigation or administrative proceeding. TSA acknowledges that your availability shall be subject to your business and personal schedule; provided, however, that you agree that you shall not unreasonably withhold your availability for such cooperation, consultation and advice. TSA further agrees that it will reimburse you for your reasonable expenses incurred while giving such cooperation.

(g) The parties agree and acknowledge that if any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable

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or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal. To the extent any provisions held to be invalid, unenforceable or otherwise illegal cannot be reformed, such provisions are to be stricken herefrom and the remainder of this Agreement will be binding on the parties and their successors and assigns as if such invalid or illegal provisions were never included in this Agreement from the first instance.

(h) The parties further acknowledge and agree that the covenants contained in this Section 5 are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such covenant is not reasonable in any respect, such court will have the right, power and authority to sever or modify any provision or provisions of such covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. You acknowledge and agree that the remedy at law available to TSA for breach of any of your obligations under Section 5 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, you acknowledge, consent and agree that, in addition to any other rights or remedies that TSA may have at law, in equity or under this Agreement, TSA will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage. Without limiting the applicability of this Section 5(h) or in any way affecting the right of TSA to seek equitable remedies and damages hereunder, you agree that in the event you breach any of the provisions of Section 5 or engage in any activity that would constitute a breach under Section 5, but the provisions of Section 5 cannot be enforced as determined by a court of competent jurisdiction as a matter of law, then TSA's obligation to pay any sums not yet paid to you pursuant to Section 3 above shall be terminated and you shall owe and return all sums paid under Section 3 above.

6. (a) You and TSA agree, that this Agreement is performable in whole or in part in the State of Illinois and is executed in whole or in part in the State of Illinois. It shall be governed by and construed and interpreted in accordance with the laws of the State of Illinois (without regard to principles of conflicts of laws), and all questions relating to the validity and performance hereof and remedies hereunder shall be determined in accordance with such law. Except as provided for in Section 6(b), the parties consent to the exclusive jurisdiction of the state and federal courts within Cook County, Illinois for the enforcement, interpretation or resolution of any matter relating to this Agreement, and you expressly waive any objection to personal jurisdiction and venue within Cook County, Illinois.

(b) You and TSA agree that any dispute, claim or controversy arising out of or relating to this Agreement, including without limitation any dispute, claim or controversy concerning validity, enforceability, breach or termination hereof, shall be finally settled through arbitration by a single arbitrator selected under the rules of the American Arbitration Association for arbitration of employment disputes conducted in Cook County, Illinois. The parties agree that: each party will be entitled to present evidence and argument to the arbitrator; the arbitrator will have the right only to interpret and apply the provisions of this Agreement and may not change any of its provisions, except as expressly provided in Section 5(g); and the arbitrator will

permit reasonable pre-hearing discovery of facts, to the extent necessary to establish a claim or a defense to a claim, subject to supervision by the arbitrator. In addition, the parties agree that TSA shall propose a reasonable set of rules to guide any proceedings under this Section 6. Such rules shall be designed to lead to a prompt and just result without undue delay or expense, but will not be unduly prejudicial to either party. If you agree to such proposed rules and guidelines, TSA will reimburse you for reasonable out-of-pocket costs incurred for travel to and from Cook County, Illinois and hotel and related expenses incurred in Cook County, Illinois in connection with such arbitration. The parties agree that the determination of the arbitrator will be conclusive and binding upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrator will give written notice to the parties stating the arbitrator's determination, and will furnish to each party a signed copy of such determination. The parties agree that the expenses of arbitration will be borne equally by you and TSA or as the arbitrator equitably determines consistent with the federal law; provided, however, that your share of such expenses will not exceed the maximum permitted by law. The parties agree that any arbitration or action pursuant to this Section 6 will be governed by and construed in accordance with the substantive laws of the State of Illinois and, where applicable, federal law, without giving effect to the principles of conflict of laws of such State.

(c) Notwithstanding Section 6(b), you agree and acknowledge that, TSA will not be required to seek or participate in arbitration regarding any actual or threatened breach of your covenants in Section 5 but may pursue its remedies, including injunctive relief, for such breach in a court of competent jurisdiction in Cook County, Illinois, or in the sole discretion of TSA, in a court of competent jurisdiction where you have committed or is threatening to commit a breach of your covenants, and no arbitrator may make any ruling inconsistent with the findings or rulings of such court.

7. The parties agree that this Agreement will be administered in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code"). The parties agree that this Agreement will be amended as may be necessary to fully comply with Section 409A of the Code and any Treasury pronouncements relating thereto in order to preserve the payments and benefits provided hereunder to the extent possible without additional cost to the Company.

/s/ Anthony J. Parkinson

Anthony J. Parkinson

**Transaction Systems Architects, Inc.**

By: /s/ Dave Morem

Dave Morem

Chief Administrative Officer

TSA - Transaction Systems Architects, Inc.

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### GENERAL RELEASE

In exchange for the payments and benefits set forth in the letter agreement between Transactions Systems Architects, Inc. (the "Company") and me dated May 10, 2007 (the "Letter Agreement"), and to be provided following the Effective Date of this General Release (as defined below) and subject to the terms of the Letter Agreement, and my execution and delivery of this General Release after the Termination Date (as defined in the Letter Agreement):

1. (a) On behalf of myself, my agents, assignees, attorneys, heirs, executors, and administrators, I hereby release the Company and its predecessors, successors and assigns, its and their current and former parents, affiliates, subsidiaries, divisions and joint ventures including but not limited to (individually and collectively, "TSA"); and all of their current and former officers, directors, employees, and agents, in their capacity as TSA representatives (individually and collectively, "Releasees") from any and all controversies, claims, demands, promises, actions, suits, grievances, proceedings, complaints, charges, liabilities, damages, debts, taxes, allowances, and remedies of any type, including but not limited to those arising out of my employment with the Company (individually and collectively, "Claims") that I may have by reason of any matter, cause, act, or omission. This release applies to Claims that I know about and those I may not know about occurring at any time on or before the date of execution of this General Release.

(b) This General Release includes a release of all rights and Claims under, as amended, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973, the Civil Rights Acts of 1866 and 1991, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Equal Pay Act of 1963, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, the Older Workers Benefit Protection Act of 1990, the Occupational Safety and Health Act of 1970, the Worker Adjustment and Retraining Notification Act of 1989, the Sarbanes-Oxley Act of 2002, Illinois Human Rights Act, and the Illinois Wage Payment and Collection Law, as well as any other federal, state, or local statute, regulation, or common law regarding employment, employment discrimination, termination, retaliation, equal opportunity, or wage and hour. I specifically understand that I am releasing Claims based on age, race, color, sex, sexual orientation or preference, marital status, religion, national origin, citizenship, veteran status, disability, and other legally protected categories.

(c) This General Release also includes a release of any Claims for breach of contract, any tortious act or other civil wrong, attorneys' fees, and all compensation and benefit claims including without limitation Claims concerning salary, bonus, severance and any award(s), grant(s), or purchase(s) under any equity and incentive compensation plan or program or the Stock and Warrant Holders' Agreement among ACI Holding, Inc and the several stock and warrant holders named in appendix I thereto, dated December 30, 1993 and the Severance Agreement between you and the Company, dated July 31, 1999, as amended.

(d) In addition, I am waiving my right to pursue any Claims against the Company and Releasees under any applicable dispute resolution procedure, including any arbitration policy.

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I acknowledge that this General Release is intended to include, without limitation, all Claims known or unknown that I have or may have against the Company and Releasees through the Effective Date of this General Release. Notwithstanding anything herein, I expressly reserve and do not release pursuant to this General Release (and the definition of "Claims" will not include) (i) my rights with respect to the enforcement of the Letter Agreement, including the right to receive the payments and benefits specified in the Letter Agreement; (ii) my rights to the vested benefits I may have, if any, under any Company employee benefit plans and programs to the extent preserved pursuant to this Agreement; (iii) any claim arising after the Effective Date of this General Release; (iv) any right to indemnification pursuant to the By Laws to the same extent provided to other senior executives of the Company; and (v) any claims that cannot be waived under law, including the right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission ("EEOC"), provided that I am waiving my right to any monetary recovery or other relief should the EEOC or any other agency pursue claims on my behalf.

2. I acknowledge that I have up to 21 days from the date of delivery of the Letter Agreement to consider the terms of the Letter Agreement and this General Release, that I have been advised to consult with an attorney regarding the terms of this General Release prior to executing it, that I fully understand all of the terms and conditions of this General Release, that I understand that nothing contained herein contains a waiver of claims arising after the date of execution of this General Release, and I am entering into this General Release knowingly, voluntarily and of my own free will. I further understand that my failure to sign this General Release and return such signed General Release to Les Real Vice President Human Resources, ACI World Wide by 5:00 pm on the 22nd day after the Termination Date will render me ineligible for the payments and benefits described herein and in the Letter Agreement.

3. I understand that once I sign and return this General Release to Les Real, I have 7 days to revoke it. I may do so by delivering to Les Real a written notice of my revocation within the 7-day revocation period (the "Revocation Period"). This General Release will become effective on the 8th day after I sign and return it to Les Real ("Effective Date"); provided that I have not revoked it during the Revocation Period.

**YOU ARE HEREBY ADVISED BY THE COMPANY TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS GENERAL RELEASE.**

**I HAVE READ THIS GENERAL RELEASE AND UNDERSTAND ALL OF ITS TERMS. I SIGN AND ENTER THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY, WITH FULL KNOWLEDGE OF WHAT IT MEANS.**

/s/ Anthony J. Parkinson  
\_\_\_\_\_  
Anthony J. Parkinson

Signed before me  
This 11<sup>th</sup> day of May, 2007.

Notary Public



TRANSACTION SYSTEMS ARCHITECTS INC  
 120 Broadway-Suite 3350  
 New York, NY 10271  
 646.348.6700  
 FAX 212.479.4000

## News Release

For more information contact:  
 William J. Hoelting  
 Vice President, Investor Relations  
 402.390.8990

### FOR IMMEDIATE RELEASE

#### Transaction Systems Architects, Inc. Receives Additional Notice from NASDAQ

**(NEW YORK — May 16, 2007)** — Transaction Systems Architects, Inc. (NASDAQ: TSAI) (the “Company”) today announced that on May 14, 2007 it received an additional written Staff Determination notice from the NASDAQ Stock Market (“NASDAQ”) stating that the Company is not in compliance with NASDAQ’s Marketplace Rule 4310(c) (14) because it did not timely file its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007. In response to similar letters the Company received in January 2007 and February 2007 following its failure to timely file its Form 10-K for the fiscal year ended September 30, 2006 and its Form 10-Q for the fiscal quarter ended December 31, 2006, the Company requested and was granted a hearing before the NASDAQ Listing Qualifications Panel, which took place on February 22, 2007. On April 13, 2007, the Company received a written notification from the Staff of NASDAQ stating that the Nasdaq Listing Qualifications Panel has granted the request of the Company for continued listing on NASDAQ Global Select Market, subject to the condition that the Company file its Form 10-K for the fiscal year ended September 30, 2006, and its Form 10-Q for the quarter ended December 31, 2006, and all required restatements, by July 2, 2007. The Company filed its Annual Report on Form 10-K for the fiscal year ended September 30, 2006 on May 11, 2007. However, there can be no assurance that the Company will satisfy the other condition for continued listing, that the Company will be granted any extension of time to meet such condition, if necessary, or that the Company’s common stock will remain listed on NASDAQ Global Select Market.

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#### About Transaction Systems Architects, Inc.

The Company’s software facilitates electronic payments by providing consumers and companies access to their money. Its products are used to process transactions involving credit cards, debit cards, mobile commerce, smart cards, checks, high-value money transfers, bulk payment clearing and settlement, and enterprise e-infrastructure. The Company’s solutions are used in more than 2,050 product systems in 84 countries on six continents. Visit Transaction Systems Architects, Inc. on the Internet at [www.tsainc.com](http://www.tsainc.com).

#### Forward-Looking Statements

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as the Company “believes,” “will,” “expects,” “looks forward to,” and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release include, but are not limited to, statements regarding the Company’s request for continued listing on NASDAQ.

Any or all of the forward-looking statements may turn out to be wrong. They can be affected by the judgments and estimates underlying such assumptions or by known or unknown risks and uncertainties. These factors include, without limitation, the risk that additional information may arise from the preparation of the Company’s financial statements or other subsequent events that would require the Company to make additional adjustments than those previously disclosed. Consequently, no forward-looking statement can be guaranteed. In addition, the Company disclaims any obligation to update any forward-looking statements after the date of this release.

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in the Company’s filings with the Securities and Exchange Commission. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review the Company’s filings with the Securities and Exchange Commission, including the Company’s Form 10-K filed on May 11, 2007 and specifically the sections entitled “Factors That May Affect the Company’s Future Results or the Market Price of the Company’s Common Stock.”

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# Transaction Systems Architects, Inc.

## Investor Overview

May 2007





## Private Securities Litigation Reform Act of 1995 Safe Harbor For Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A discussion of these forward-looking statements and risk factors is set forth at the end of this presentation. The Company assumes no obligation to update any forward-looking statement in this presentation.

The Company's forward guidance for calendar year 2007 is subject to adjustment, in part due to the risk factors noted in the Company's annual report on Form 10-K filed with the SEC on May 11, 2007, including adjustment due to a historical error in the calculation of 60-month backlog and adjustment due to the increased expense associated with the stock options review. In addition, the Company is still in the process of finalizing its financial results for the quarters ending December 31, 2006 and March 31, 2007. These results and the Company's subsequent forecast for the balance of the calendar year could result in adjustments to the Company's financial guidance. The Company expects to update its guidance when it announces its preliminary financial results for the quarter ending March 31, 2007. The Company does not intend to update publicly the timing of the future possible adjustments to guidance going forward, except as circumstances may warrant or as required by law.



## Presentation Topics

- Our Company
- Our Industry
- Our Products
- How We Win
- How We Grow
- Our Strategic Vision
- How We Measure It
- Risks and Obstacles



# Key Takeaways\*

## Best Payments Solutions

- Gold Standard for enterprise payments technology
- Comprehensive features for the payments value chain
- TSA plays an "honest broker" role

## Global Presence

- Global distribution system
- Over 800 customers in 84 countries
- Represented in countries comprising 95% of world GDP
- Two thirds of business is outside U.S.

## Industry Fundamentals

- Positive industry fundamentals driven by payment volume growth, industry consolidation and regulatory pressures
- Payment volumes growing at 4X global gross domestic product

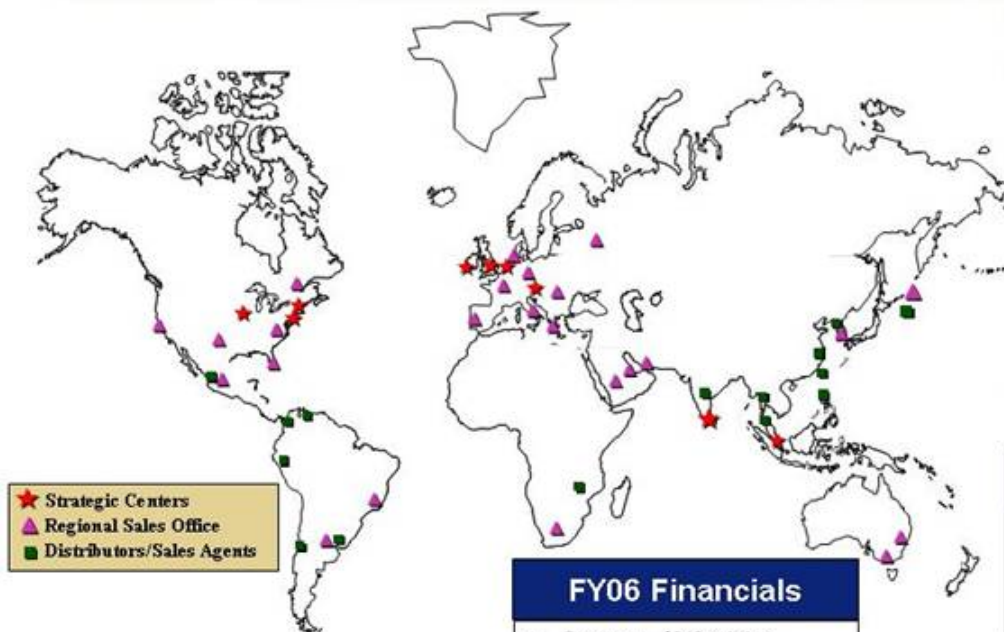
## Business Model

- Strong cash flow
- Long-term revenue growth
- Long-term backlog growth
- Leveraged earnings growth
- Leverageable balance sheet

▶ "TSA is in the catbird seat for global payments" – Phil Heasley, TSA CEO



# Our Company\*



- ★ Strategic Centers
- ▲ Regional Sales Office
- Distributors/Sales Agents

## FY06 Financials

- Revenue - \$348 million
- 60-mo backlog - \$1.226 billion
- OFCF - \$44 million

## Key Metrics

- Over 800 customers
- 84 countries, 33 offices
- Over 2,100 staff
  - > 800 engineers
  - > 180 sales staff
- Over 75 billion retail payments per year
- Over \$5 trillion in wire transfers per day

## CY07 Financials (est.)

- Revenue - \$431-450 million
- 60-mo backlog - \$1.331-1.361 billion
- OFCF - \$60-70 million

▶ TSA has a highly differentiated global presence in the payments industry



# Our Industry



# Our Industry Position Today and Tomorrow

## Segments

Less than 25% of the top 500 world banks have TSA solutions

Leadership in U.S. wholesale banking

Leadership in North American retailer segment

Less than 5% presence in top 500 banks for fraud solutions

## Geographies

Limited presence in key geos

Distributor-led model in key geos

## Business model

On Demand business limited to U.S. based cash management

Tactical view of services offerings

## Position Today

## Target Segments

Top 2000 world banks

Top 500 world retailers

Top 500 global payment processors

Smaller banks and retailers via On Demand offering

## Segments

30-40% penetration in top 500 world banks

Leadership in international wholesale banking segment

Leadership in global retailer segment

10-20% of top 500 banks with TSA's fraud solutions

## Geographies

Deeper penetration in key geos

Direct model in key geos

## Business model

On Demand offering expanded to more solutions and more geos

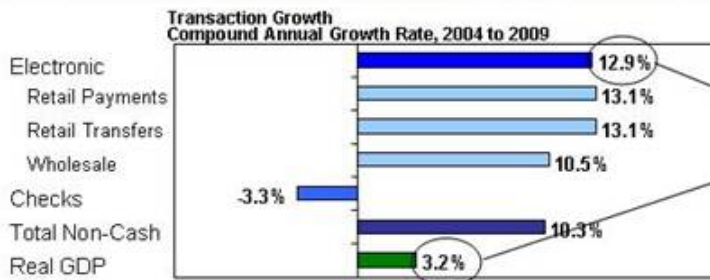
Expanded services offerings

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# Global Electronic Payments Growth



Electronic payment volumes are growing at 4x Gross Domestic Product

Electronic Payments - 2004			
Top 15 Countries	Total Transactions (millions)	% of World Transactions	% of World Real GDP
1 United States	66,014	31.5%	30.9%
2 United Kingdom	18,446	8.8%	4.6%
3 Germany	17,301	8.2%	5.6%
4 France	11,488	5.5%	4.1%
5 Brazil	10,866	5.2%	1.9%
6 Canada	9,189	4.4%	2.3%
7 China	5,794	2.8%	4.3%
8 South Korea	5,591	2.7%	1.8%
9 Australia	5,529	2.6%	1.2%
10 Japan	4,771	2.3%	14.2%
11 Spain	4,571	2.2%	1.9%
12 Netherlands	4,269	2.0%	1.1%
13 Italy	3,517	1.7%	3.2%
14 Belgium	3,395	1.6%	0.7%
15 Mexico	3,129	1.5%	1.8%
Total Top 15	173,860	82.9%	79.3%
World	209,762	--	--

Electronic Payments - Growth 2004 to 2009			
Top 15 Countries	Change in Transactions (millions)	Compound Annual Growth Transactions	Compound Annual Growth Real GDP
1 United States	52,273	12.4%	3.2%
2 China	17,080	31.6%	8.1%
3 United Kingdom	10,994	9.8%	2.5%
4 Brazil	9,978	13.9%	3.4%
5 South Korea	8,317	20.0%	5.2%
6 Germany	6,433	6.5%	1.5%
7 France	5,780	6.5%	2.0%
8 Canada	5,638	10.0%	2.8%
9 Russia	4,094	18.9%	4.8%
10 Mexico	3,763	17.1%	3.7%
11 Australia	3,544	10.4%	2.5%
12 Spain	3,261	11.4%	2.7%
13 Poland	3,243	20.3%	4.6%
14 India	3,180	26.1%	6.5%
15 Singapore	2,856	17.4%	4.5%
Total Top 15	140,423	13.0%	3.5%
World	174,414	12.9%	3.2%

TSA and its industry are growing in excess of traditional capital expenditure growth rates

Source: 2006 ACI Payments Market Forecast

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# The Wholesale Banking Segment



## The Segment

- TSA is a leader in the U.S.
- Target is top 2000 world banks
- TSA currently has over 120 customers
- Smaller banks addressed via ACI On Demand offering

## Key Dynamics

- Regulatory compliance (e.g. SEPA)
- Many home-grown systems, many old systems
- Banking consolidation has created redundancies and silos

## The Opportunity

- International markets
- Adding to wholesale solutions offering
- Adding to existing ACI On Demand offering
- Payment systems convergence

## Key Sources of Competition

- In-house developed solutions
- Third-party software vendors, including FundTech, Logica, Tieto Enator, Clear2Pay and local providers

▶ **TSA's highest potential growth segment, with significant international opportunities**



# The Retail Banking Segment



## The Segment

- TSA is a global software leader
- Target is top 2000 world banks
- TSA currently has over 470 customers
- Smaller banks to be addressed via ACI On Demand offering

## Key Dynamics

- Payment volumes on the increase
- Regulatory compliance (e.g. EMV)
- Many home-grown systems, many old systems
- Banking consolidation has created redundancies and silos

## The Opportunity

- New share in under-penetrated countries
- ACI On Demand offering expands industry potential
- Payments systems convergence
- The IBM segment

## Key Sources of Competition

- 3<sup>rd</sup>-party processors
- In-house developed solutions
- Third-party software vendors, including eFunds, S1, Fair Isaac and local providers

▶ **TSA is investing to win additional market share in its traditional sweet spot**



# The Retailer Segment



## The Segment

- TSA has a leadership position in North America
- Target is top 500 global retailers
- TSA currently has over 100 customers
- Smaller retailers to be addressed via ACI On Demand offering

## Key Dynamics

- Payment volumes increasing
- Regulatory compliance
- Many home-grown systems, many old systems
- Industry consolidation has created redundancies and silos

## The Opportunity

- Displacing 3<sup>rd</sup>-party processors
- Replacing aging technology
- Facilitating payment systems consolidation
- The IBM segment

## Key Sources of Competition

- 3<sup>rd</sup> party processors
- In-house developed solutions
- Third-party software vendors, including eFunds, S1, AJB and local software providers

▶ *TSA offers a compelling cost advantage for payments processing to large retailers*

# The 3<sup>rd</sup>-Party Processor Segment



## The Segment

- TSA is the global software leader
- Target is top 500 global and local processors
- TSA currently has over 140 customers

## Key Dynamics

- Payment volumes increasing
- Regulatory compliance
- Many home-grown systems, many old systems
- Industry consolidation has created redundancies and silos

## The Opportunity

- Replacing aging technology
- Facilitating payment systems consolidation
- The IBM segment

## Key Sources of Competition

- In-house developed solutions
- Third-party software vendors, including eFunds, Fair Isaac and local software providers

▶ *TSA is replacing aging technology and consolidating platforms for payment processors*

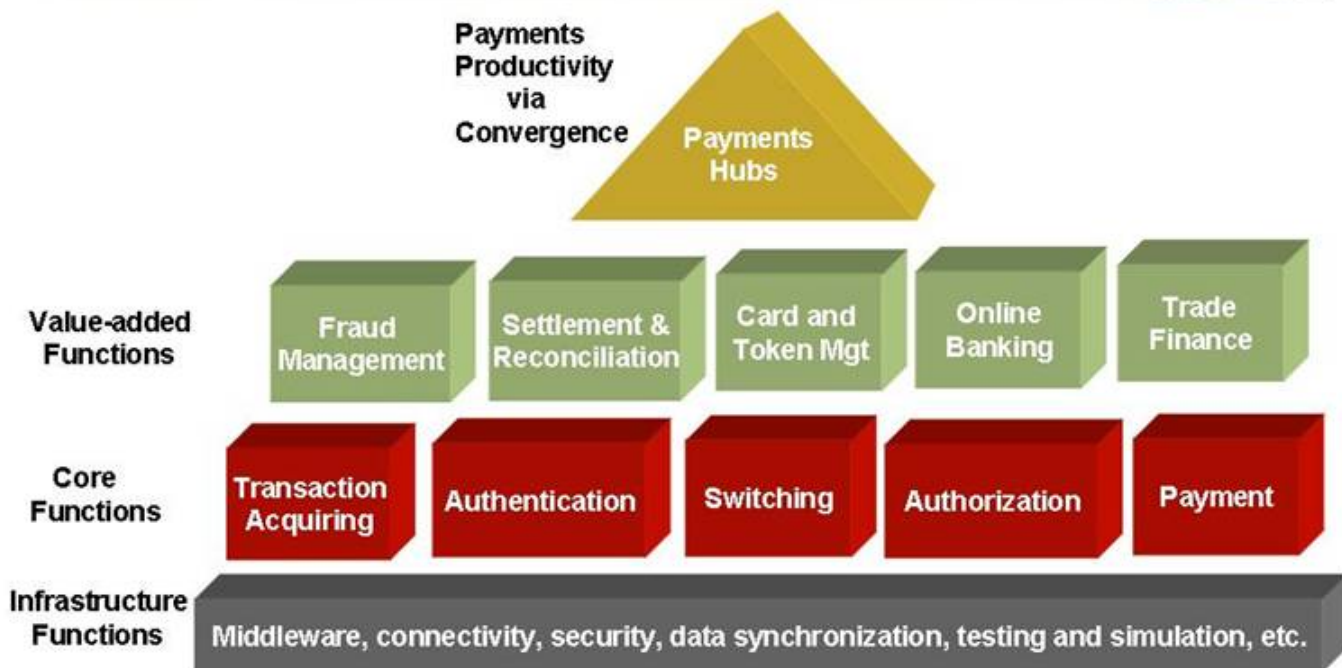


# Our Products





# End-to-end Solutions for Electronic Payments\*



▶ *Re-usable payments functions that are scalable, secure and enterprise-ready*

## Our Products

**Retail Payment Engines**

- BASE24-eps
- BASE24
- ACI Retail Commerce Server
- ACI Commerce Gateway

**Wholesale Payment Engines**

- ACI Money Transfer System
- ACI Enterprise Banker
- ACI Enterprise Enrollments
- ACI Trade Finance

**Risk Management**

- ACI Proactive Risk Manager
  - Debit card
  - Credit card
  - Merchant
  - Anti-Money Laundering
  - Enterprise

**Payments Management**

- ACI Payments Manager
- ACI SmartChip Manager
- ACI Card Manager
- ACI Claims Manager
- ACI Customer Dispute Management

▶ *TSA has a comprehensive electronic payments suite*

# What Our Products Do



## Retail Payment Engines

- Device driving
- Authentication
- Switching
- Authorization
- Interface to payment networks
- Stand-in processing and disaster recovery

## Wholesale Payment Engines

- Online banking
- Authentication and authorization
- Payment messaging and reporting
- Interface to payment networks
- Liquidity management
- Trade finance

## Risk Management

- Enterprise-level fraud prevention and detection
- Rules or model-based fraud detection
- Real-time or post-transaction fraud detection
- Fraud case management and workflow
- Custom models

## Payments Management

- Settlement and reconciliation
- Reporting
- Customer dispute management
- Card management
- Smartcard lifecycle management

▶ *Enterprise support for the payments value chain*

# Powering the World's Payment Systems



## Retail Payment Engines

- ❑ Largest bank-owned ATM network in the U.S. (Bank of America)
- ❑ Visa Europe switch
- ❑ Largest merchant-acquiring business in the U.K. (Royal Bank of Scotland)
- ❑ Largest merchant-acquiring business in Canada (Moneris)

## Wholesale Payment Engines

- ❑ 14 of the top 25 U.S. banks with MTS
- ❑ 12 of the top 25 U.S. banks with EB
- ❑ Largest single bank in terms of daily wire volume (Bank of New York)
- ❑ Platform for top international bank (Fortis)

## Risk Management

- ❑ Saving National Bank of Australia millions in credit card fraud
- ❑ Award-winning fraud implementations at ABN AMRO Brazil and National Australia Bank
- ❑ Helping drive fraud out of Canada at 4 of the top 5 banks

## Payments Management

- ❑ Driving EMV implementations worldwide
- ❑ Providing settlement solutions for new products at the top bank in the U.S.
- ❑ The technology underpinning Hong Kong's national ID system

▶ **TSA is the technology behind the largest payment systems in the world**



# How We Win\*



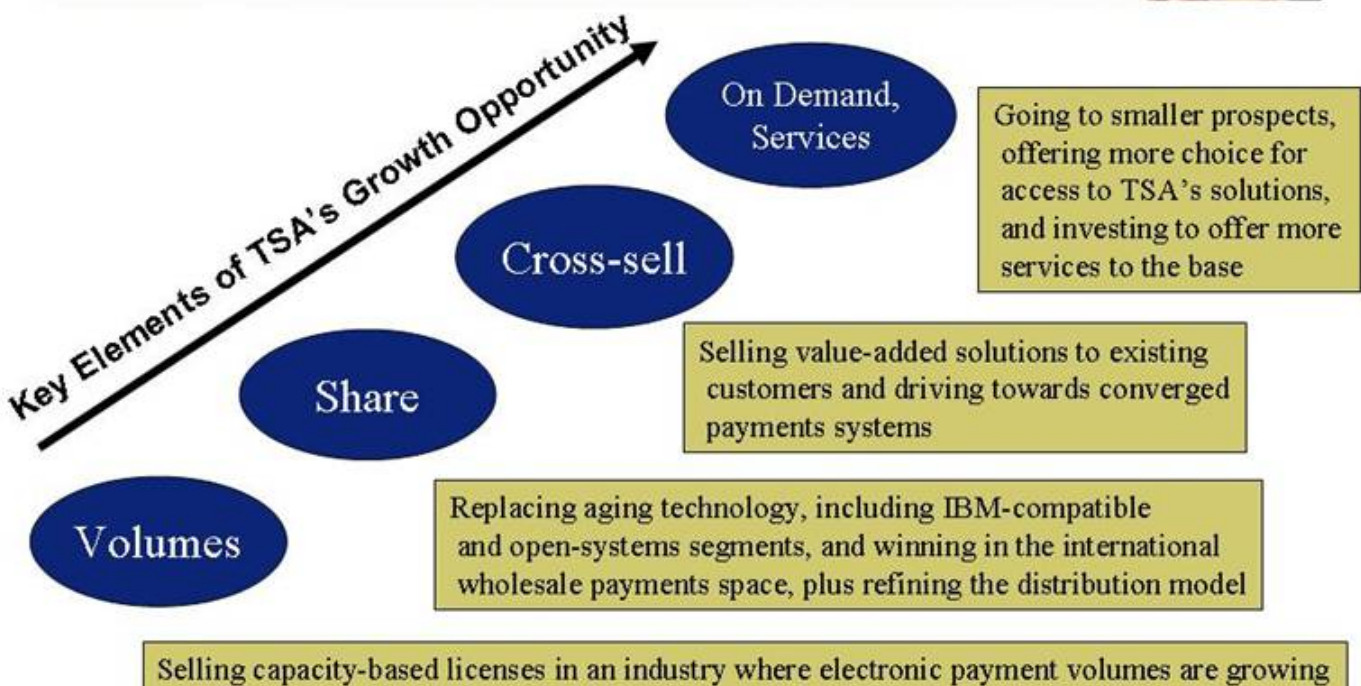
▶ **TSA has key points of differentiation vs the alternatives**



# How We Grow



# Elements of Our Growth\*



▶ **TSA has both organic and acquisition-based growth opportunities**

# Acquisition Strategy



## Guiding Principles

- Ensure strategic clarity (link business strategy to transactions)
- Programmatic approach
- We are integrators, not aggregators
- Must create shareholder value

## Focus & Future Activity

- Fill product gaps (retail, wholesale, fraud, tools, delivery)
- Extend product portfolio
- Extend geographic reach (A/P, LA)
- Leverage global distribution strength

### Product Extension

  
(1Q'07)

- Extended technology in payments (**Wholesale**)
- Added geographic distribution (**Geographic Reach**)
- Added critical mass in India (**Global Distribution Strength**)

  
(4Q'06)

- Added leading Web-based enterprise business banking platform for U.S. banks (**Wholesale**)
- Catalyst for "On-Demand" services (**Delivery**)
- Integration on track, created ACI Wholesale Banking group by combining with ACI MTS product line

  
(2Q'06)

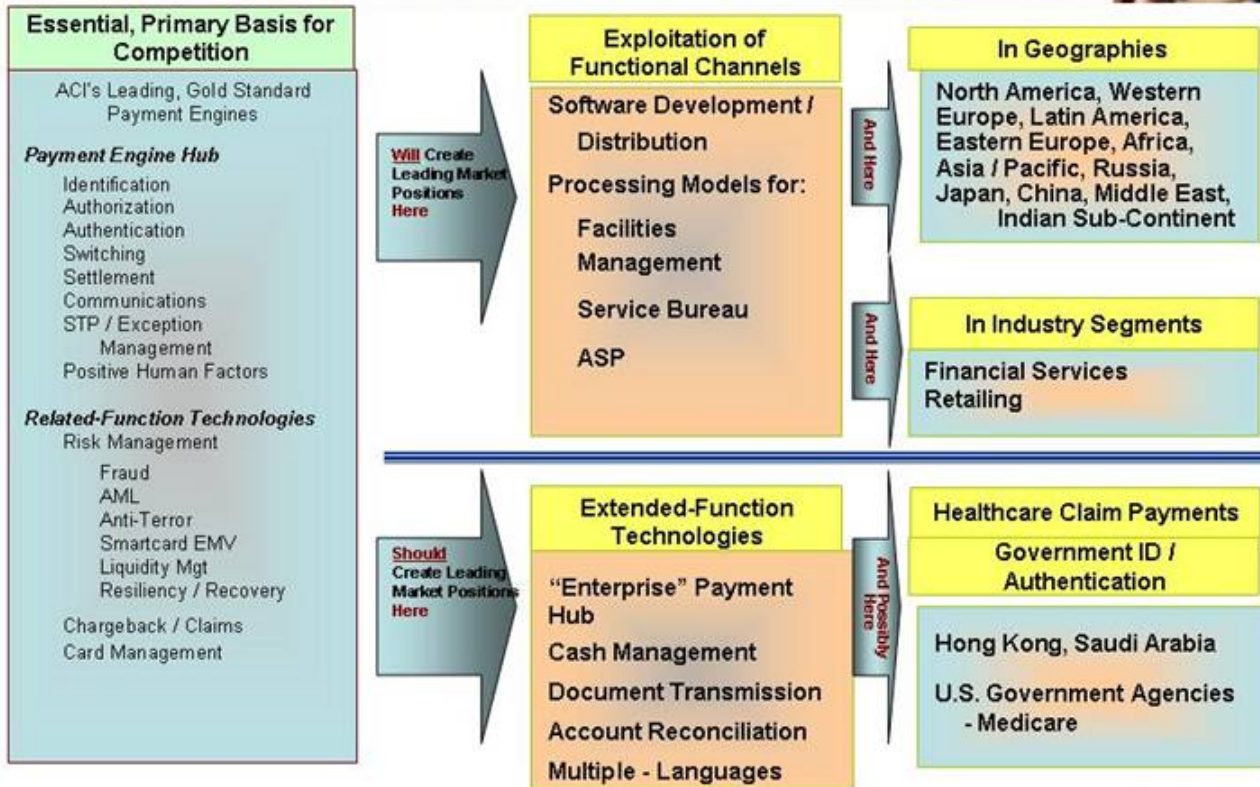
- Added leading consumer payments software in Germany, 3<sup>rd</sup> largest market (**Retail, Geographic Reach**)
- Integration complete, consolidated German operations

### Geographic Extension

  
(3Q'05)

- Extended technology and added scale in payments (**Retail**)
- Added geographic distribution (**Geographic Reach**)
- Integration complete

# Our Vision Statement\*

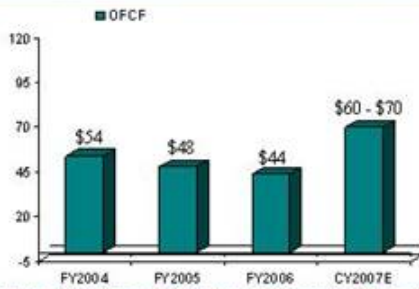


# How We Measure It



# Key Financial Metrics\*

## Operating Free Cash Flow\* - \$ millions

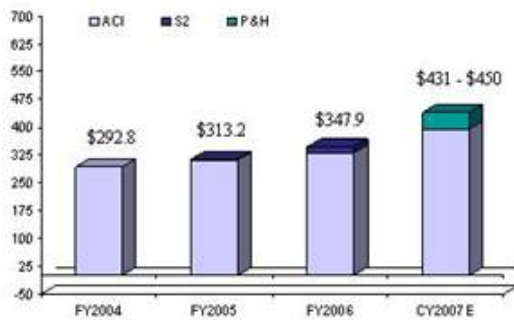


\*Free cash flow calculated as operating cash flow minus capex, adjusted for one-time items. For an explanation of why management believes this is a useful measure and for a reconciliation to the closest GAAP measure, see "Non-GAAP Financial Measures Reconciliations" at the end of this presentation.

## Backlog - \$ millions



## Revenue - \$ millions



## Adjusted Non-GAAP EPS\*



\*Adjusted non-GAAP eps is calculated as GAAP eps less intangible amortization from acquisitions, stock-based compensation expense and special items. For an explanation of why management believes this is a useful measure and for a reconciliation to the closest GAAP measure, see "Non-GAAP Financial Measures Reconciliations" at the end of this presentation.

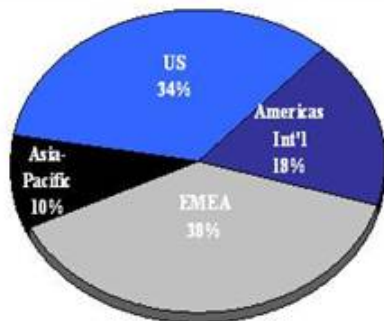
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# Key Financial Metrics - Revenue

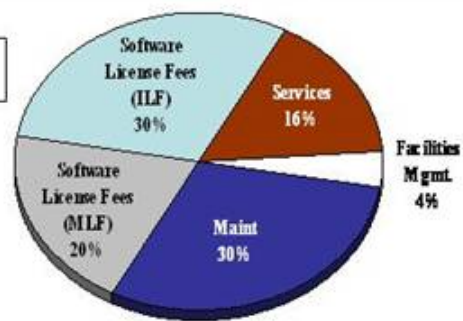
## Revenue by Geo



FY2006

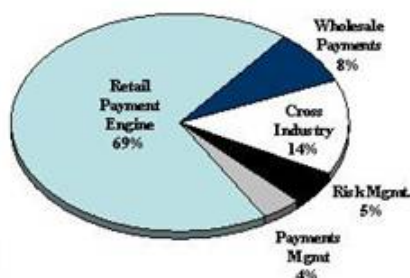
53% of TSA's revenue recurs on a monthly basis.

## Revenue by Type



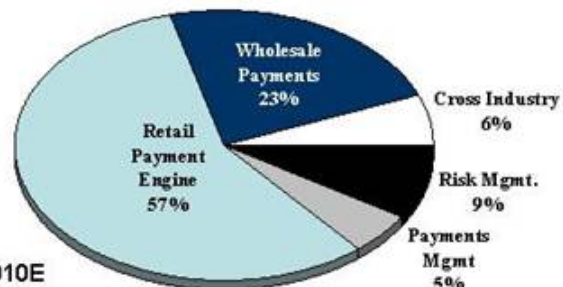
FY2006

## Revenue by Product Line



FY2006

## Product Revenue Mix Over Time



CY2010E

On Demand revenue is expected to comprise 15-20% of total revenue in 2010

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# Key Financial Metrics - Profitability

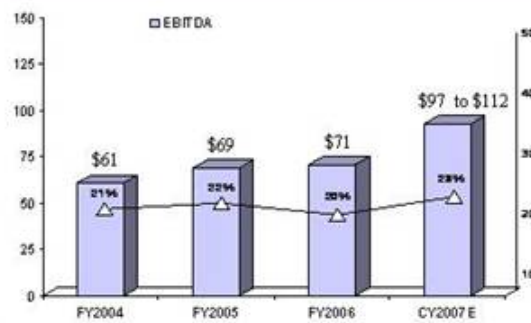


## Operating Income - \$ millions



Operating margin and EBITDA are adjusted for one-time items.

## EBITDA\* - \$ millions

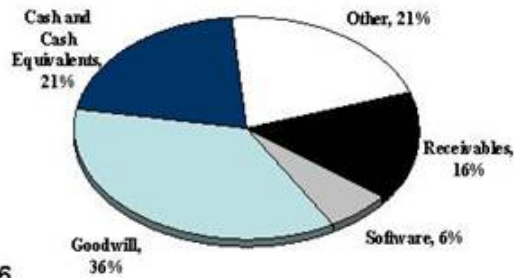


\*EBITDA is a Non-GAAP measure. For an explanation of why management believes this is a useful measure and for a reconciliation to the closest GAAP measure, see "Non-GAAP Financial Measures Reconciliations" at the end of this presentation.



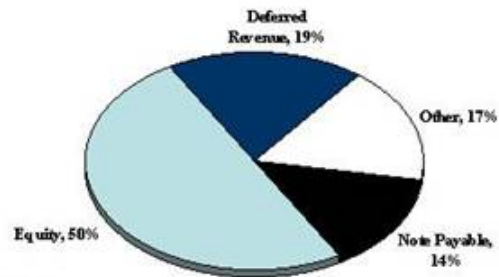
# TSA's Balance Sheet and ROIC

## Assets



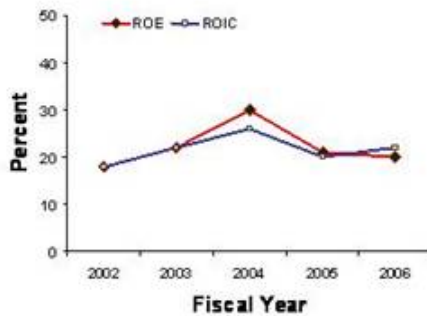
9/30/06

## Liabilities



9/30/06

## Return on Equity and Invested Capital



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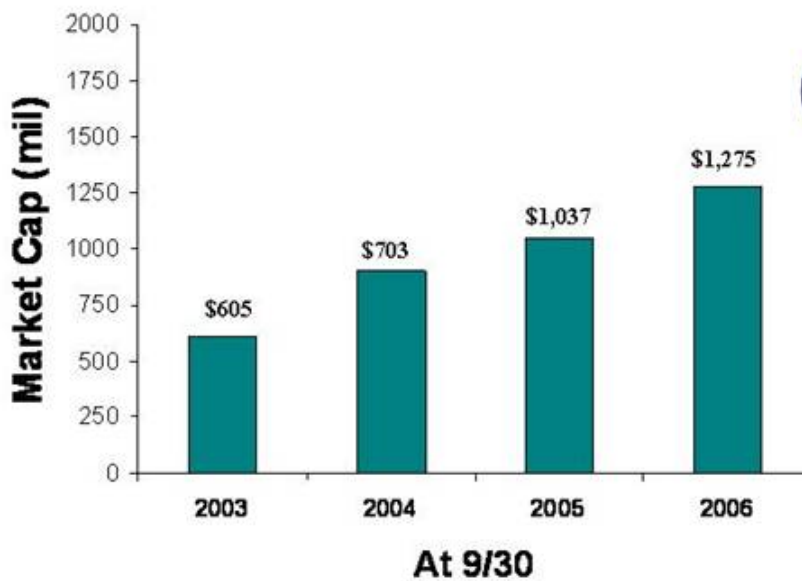
## Key Takeaways

- Strong, leverageable balance sheet
- Minimum \$75 million unused line available
  - Significant incremental borrowing capacity
- High return on equity and invested capital relative to industry peers

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# Increasing Shareholder Value



Forward multiple on CY07 guidance = 18.6x

Forward multiple based on stock price @ 3/31/07, and based on midpoint of adjusted non-GAAP eps guidance.

▶ 28% compound growth rate in market capitalization over the past 3 years

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# Deployment of Capital



## Profitable Growth

- Global revenue initiatives (e.g., On-Demand, Professional Services, Convergence)
- "Go-Direct" in selected countries (e.g., Asia/Pacific and Latin America)
- Productivity improvements

## Corporate Development Activity

- Mergers, acquisitions, divestitures, partnerships
- Shareholder return focus

## Capital Structure

- Capital efficient (Capex <2% of revenue)
- Stock buybacks
- Thoughtful use of leverage
- Shareholder return focus

# Risks and Obstacles



## Customer Inertia

- Issue
  - High systems switching costs
- Mitigation Strategy
  - Offer compelling advantages
  - Ensure distribution model facilitates access to deals

## Macro-economic Issues

- Issue
  - Foreign exchange fluctuations
- Mitigation Strategy
  - Built-in hedges based on global infrastructure deployment and contracting policies

## Payment Volumes

- Issue
  - Slowing of volume increases in key segments
- Mitigation Strategy
  - Focus on winning new accounts and cross-selling new solutions

## New Competition

- Issue
  - Competition likely based on price or new technology
- Mitigation Strategy
  - R&D investment
  - Process efficiency refinements

▶ **TSA has strategies in place to help address key industry and competitive risks**

## Best Payments Solutions

- Gold Standard for enterprise payments technology
- Comprehensive features for the payments value chain
- TSA plays an “honest broker” role

## Global Presence

- Over 800 customers in 84 countries
- Represented in countries comprising 95% of world GDP
- Direct sales model, supplemented by in-country distributors

## Industry Fundamentals

- Positive industry fundamentals driven by payment volume growth, industry consolidation and regulatory pressures
- Payment volumes growing at 4X global gross domestic product

## Business Model

- Strong cash flow
- Long-term revenue growth
- Long-term backlog growth
- Leveraged earnings growth
- Leverageable balance sheet

▶ *TSA is a solid investment for the long-term growth investor*



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## Forward-Looking Statements



This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as the Company “believes,” “will,” “expects,” “looks forward to,” and words and phrases of similar impact, and include but are not limited to statements regarding future operations, business strategy and business environment and specifically include amounts estimated in the 12-month and 60-month backlogs, the Company’s revenue and earnings guidance, and the Company’s long-term revenue and earnings growth objectives.

The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this presentation include, but are not limited to, statements regarding the:

- Company’s expectations regarding positive industry fundamentals driven by payment volume growth, industry consolidation and regulatory pressure;
- Company’s expectations regarding penetration in top 500 world banks, leadership position in international wholesale banking segment, leadership position in global retailer segment and penetration of top 500 world banks with its fraud solutions;
- Company’s expectation regarding its growth rate and industry growth rate in excess of traditional capital expenditure growth rates;
- Company’s expectation regarding the wholesale banking segment as its highest potential growth segment, with significant international opportunities;
- Company’s expectation regarding investing in the retail banking segment will lead to additional market share;
- Company’s expectation regarding its organic and acquisition-based growth opportunities;
- Company’s expectation its leading, gold standard payment engines will create leading market positions in additional geographies and possibly in new industry segments;
- Company’s operating free cash flow, backlog, adjusted non-GAAP eps estimates;
- Company’s revenues and EPS estimates for calendar 2007;
- Company’s product revenue mix over time;
- Company’s expectation regarding its significant incremental borrowing capacity; and
- Company’s high return on equity and invested capital relative to industry peers.

## Forward-Looking Statements (continued)



Any or all of the forward-looking statements may turn out to be wrong. They can be affected by the judgments and estimates underlying such assumptions or by known or unknown risks and uncertainties. Many of these factors will be important in determining the Company's actual future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from those expressed or implied in any forward-looking statements. In addition, the Company disclaims any obligation to update any forward-looking statements after the date of this presentation.

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in the Company's filings with the Securities and Exchange Commission. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review the Company's filings with the Securities and Exchange Commission, including the Company's Form 10-K filed on May 11, 2007, and specifically the section entitled "Factors That May Affect the Company's Future Results or the Market Price of the Company's Common Stock."

## Forward-Looking Statements (continued)



The risks identified in the Company's filings with the Securities and Exchange Commission include:

- Risks associated with the restatement of the Company's financial statements;
- Risks associated with not having current financial information available and the Company will be limited in its ability to register its securities for offer and sale until the Company is deemed a current filer with the SEC;
- Risks associated with the delays in filing its periodic reports, including the need to obtain additional extensions from the lender in the future in order to comply with the financial reporting requirements of the Company's bank debt, the failure to do so which could have a material adverse effect on the Company's business, liquidity and financial conditions;
- Risks associated with the delay in filing its Quarterly Report on Form 10-Q for the quarter ended December 31, 2006 with the SEC and any failure to satisfy other NASDAQ listing requirements could cause the NASDAQ to commence suspension or delisting procedures with respect to its common stock;
- Risks associated the Company's performance which could be materially adversely affected by a general economic downturn or lessening demand in the software sector;
- Risks associated with the complexity of the Company's software products;
- Risks inherent in making an estimate of the Company's backlogs which may not be accurate and may not generate the predicted revenue;
- Risks associated with tax positions taken by the Company which require substantial judgment and with which taxing authorities may not agree;
- Risks associated with consolidation in the financial services industry which may adversely impact the number of customers and the Company's revenues in the future;
- Risks associated with the Company's stock price which may be volatile;
- Risks associated with conducting international operations;
- Risks regarding the Company's newly introduced BASE24-eps product which may prove to be unsuccessful in the marketplace;
- Risks associated with the Company's future profitability which depends on demand for its products; lower demand in the future could adversely affect the Company's business;
- Risks associated with the Company's software products which may contain undetected errors or other defects, which could damage its reputation with customers, decrease profitability, and expose the Company to liability;
- Risks associated with future acquisitions and investments which could materially adversely affect the Company;
- Risks associated with the Company's ability to protect its intellectual property and technology and may be subject to increasing litigation over its intellectual property rights;
- Risks associated with the Company's restructuring plan which may not achieve expected efficiencies;
- Risks associated with litigation that could materially adversely affect our business financial condition and/or results of operations;
- Risks associated with new accounting standards or revised interpretations or guidance regarding existing standards; and
- Risks associated with the assessment and maintenance of internal controls over the Company's financial reporting.

# Forward-Looking Statements (continued)



## Backlog Estimates

The Company's 12-month and 60-month backlog estimates are based on the Company's judgment about future events which, as described above, involve a number of risks and uncertainties. The Company estimates backlog using the methodology described in the Company's Form 10-Q filed on August 9, 2006 in the section entitled "Backlog" under Item 2. – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION – and on the Company's website at [www.tsainc.com](http://www.tsainc.com).

## Non-GAAP Financial Measures Reconciliation

This presentation includes non-GAAP information: EBITDA, Operating Free Cash Flow and Adjusted Non-GAAP EPS. EBITDA is defined as net income before interest, taxes, depreciation and amortization. The Company uses EBITDA as a performance measure and provides EBITDA to investors to complement results provided in accordance with GAAP, as management believes the measure helps illustrate underlying operating trends in the Company's business and uses the measure to establish internal budgets and goals, manage the business and evaluate performance. Because EBITDA excludes some, but not all, items that affect net income and the definition of EBITDA may vary among other companies, the EBITDA measure presented by the Company may not be calculated and presented in accordance with GAAP. Operating Free Cash Flow is defined as net cash flow from operating activities adjusted for selected one-time items minus capital expenditures. The Company utilizes this non-GAAP financial measure, as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes operating free cash flow as a further indicator of operating performance and for planning investing activities. Adjusted non-GAAP EPS is defined as GAAP earnings per share adjusted for selected one-time items plus amortization of acquisition-related intangibles and non-cash equity-based compensation. The Company believes that providing earnings per share on an adjusted, non-GAAP basis is useful to investors as an operating measure because it excludes certain expenses and therefore provides a consistent basis for comparison of the Company's expenses from period to period.

# Forward-Looking Statements (continued)

## Reconciliation of EBITDA (\$ thousands)

	FY ended Sept 30,			CY2007e
	2004	2005	2006	
Operating income	54,294	64,251	53,778	72,000 to 87,000
Selected one-time items				
Lawsuit	-	-	8,450	-
Goodwill impairment charge	-	-	-	-
Stock Option Review	-	-	-	4,000
Operating income adjusted for selected one-time items	54,294	64,251	62,228	76,000 to 91,000
Depreciation & Amortization	6,571	5,180	8,362	21,000
EBITDA	60,865	69,431	70,590	97,000 to 112,000

## Reconciliation of Operating Free Cash Flow (\$ thousands)

	FY ended Sept 30,			CY2007e
	2004	2005	2006	
Net cash flow from operating activities	58,091	53,151	60,701	66,000 to 74,000
Selected one-time items				
Lawsuit	-	-	-	-
Stock Option Review	-	-	-	4,000
IRS Settlement	-	-	(10,900)	-
Net cash flow from operating activities adjusted for selected one-time items	58,091	53,151	49,801	70,000 to 78,000
Capital Expenditures	3,862	5,405	5,988	10,000 to 8,000
Operating Free Cash Flow	54,229	47,746	43,813	60,000 to 70,000

## Reconciliation of GAAP EPS to Adjusted Non-GAAP EPS (\$ thousands)

	FY ended Sept 30,			CY2007e
	2004	2005	2006	
GAAP Earnings Per Share (Diluted)	1.21	1.12	1.45	1.16 to 1.45
Selected one-time items				
One-time tax benefit	-	-	(0.46)	-
Lawsuit settlement cost	-	-	0.14	-
Cost of stock options review	-	-	-	0.05
Adjusted earnings per share after selected one-time items	1.22	1.12	1.13	1.21 to 1.50
Amortization of acquisition-related intangibles	-	0.01	0.05	0.22
Non-cash equity-based compensation	-	-	0.11	0.14
Adjusted Non-GAAP earnings per share	1.22	1.13	1.29	1.57 to 1.86

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