

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

FORM 8-K

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

Date of Report (Date of earliest event reported): December 18, 2006

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)

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

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

Item 7.01 Regulation FD Disclosure.

On December 18, 2006, Transaction Systems Architects, Inc. posted investor presentation materials on its web site (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.

Item 9.01. Financial Statements and Exhibits.

Exhibit 99.1 — Investor Presentation dated December 2006.

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 and General Counsel

Date: December 18, 2006

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|--------------------|--|
| Exhibit 99.1 | — Investor Presentation dated December 2006. |

Transaction Systems Architects

Investor Overview

December 2006





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.

As announced on October 27, 2006, the Company's Audit Committee is conducting a voluntary review of its historical stock option grants for all periods from 1995 through the present. On October 27, 2006, the Company also announced that its financial statements and all earnings releases and similar communications relating to financial periods since fiscal year 1995 should not be relied upon in light of the stock option review. The review and the related audit procedures to be performed by the Company's outside auditors are not complete. As a result, on December 14, 2006, the Company announced that the Company would not file its Annual Report on Form 10-K for the year ended September 30, 2006 on the December 14, 2006 required filing date. The Company intends to continue to devote all available resources with the objective of filing its Form 10-K for such period as promptly as practicable.



- **Leader in Global Payments Software and Solutions**
 - Customers include ~ 60% of the top 500 global banks that use 3rd party payments software and 9 of the top 20 global retailers
- **Long-Term Blue-Chip Customer Base**
 - Average 18-year relationship with top ten customers
- **Significant Recurring Revenue Base**
 - 54% of fiscal 2006 revenue was contractually recurring on a monthly basis
 - Volume-based, term license model – high customer retention rates
- **Large Contractual Backlog**
 - 60-month backlog of over \$1.24 billion provides significant visibility into future operating results
- **Strong Cash Flow Generation**
 - High margins combined with minimal capital expenditure \$4.3 million (P&E) excluding acquisitions and working capital requirements



- **New Opportunity With Software as a Service Business Model**
 - Significantly expands potential opportunity
- **Leadership Advantages in Areas of Focus**
 - 30 years of providing leading payments processing solutions
 - Approximately 12% of annual revenue invested in product development
 - High degree of product integration, strong customer support and ongoing product investment results in low customer turnover
- **Positive Industry Fundamentals**
 - Global electronic payment volume estimated to grow approximately 13% annually through 2009, 4x GDP
 - Aging legacy systems
 - Drive for better payment systems productivity
- **Experienced Management Team and Vision for the Future**
 - Significant payments processing domain expertise
 - Strategy for growth

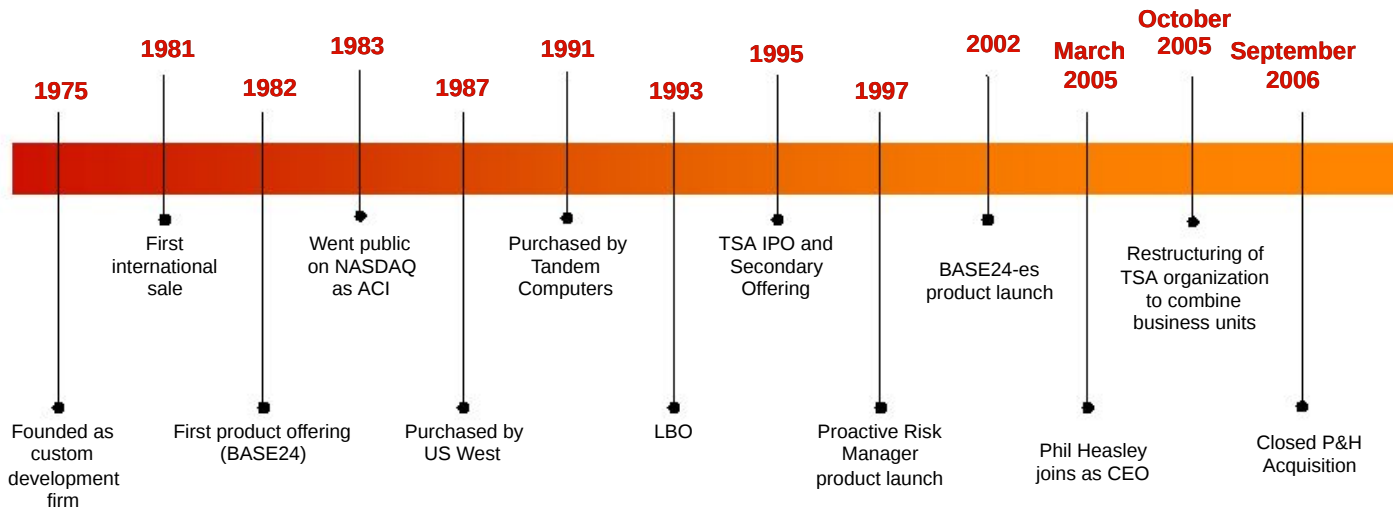
Business Overview



- Leader in global enterprise electronic payment software and solutions
 - Gold standard for single-message format payments
 - Listed on the NASDAQ (ticker: TSAI)
 - Member of the S&P MidCap 400 and Russell 2000
- Operates through one operating division - ACI Worldwide (“ACI”)
 - Products sold and supported primarily through direct global distribution network
 - Solutions are used to process retail and wholesale payments - credit and debit cards, smartcards, checks, high value payments and bulk file payments
 - Additional capabilities for fraud management, transaction settlement, card management and infrastructure support
- Over 820 customers in 83 countries
 - Primary customers include large banks, retailers and payment processors

▶ *Global business with long and successful operating history*

Company History



▶ Over 30 years of delivering market leading e-payments solutions





- **Globalization**
 - Extend geographic reach
 - Global infrastructure will drive efficiencies
- **Filling in the payments “supply chain”**
 - Build, buy, partner
- **Software as a Service**
 - Alternative mechanisms for offering payments technology to the marketplace
 - Opens up new market opportunities
- **Payments convergence**
- **Focus on growth**

▶ *Management has developed a strong vision for the Industry*

Continuation of the Strategy



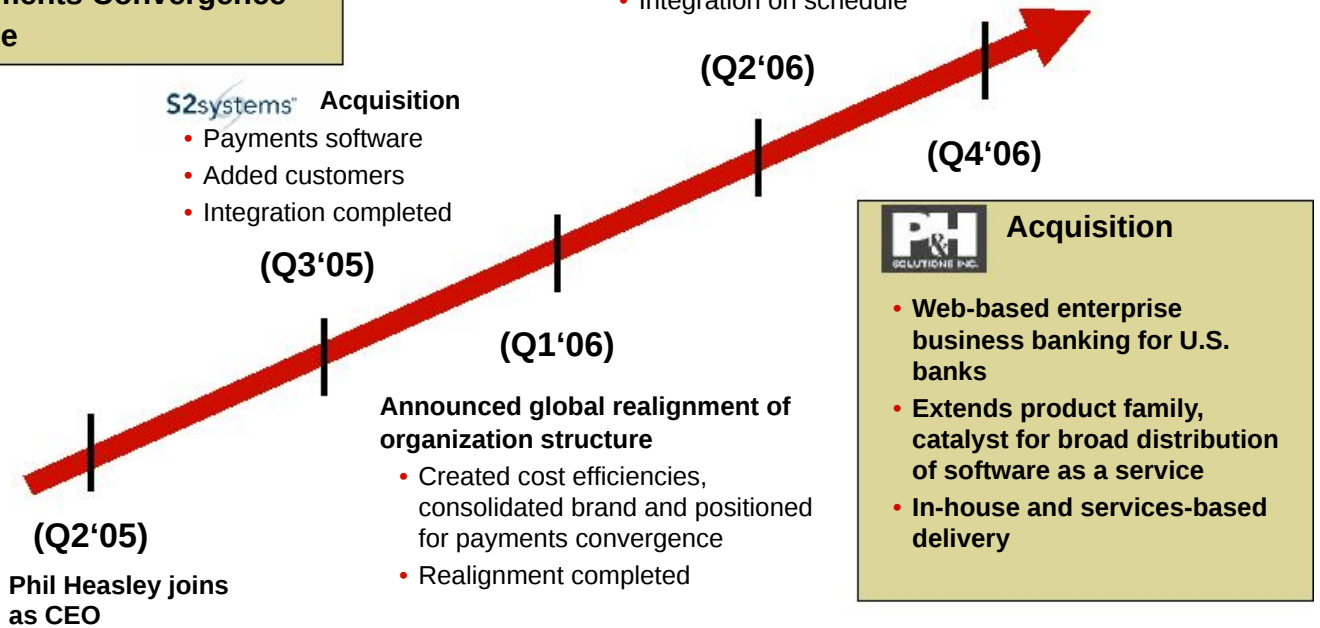
- Globalization
- Solutions Leadership
- Software as a Service
- Payments Convergence
- Scale

Acquisition

- Payments software
- Entered Germany, access to new products, initiated offshore efforts
- Integration on schedule

Acquisition

- Payments software
- Added customers
- Integration completed



Timeline based on TSA September Fiscal Year End.

An End-to-End Payments Architecture



▶ *TSA solutions can be deployed in-house or used as Software as a Service*



- **BASE24/BASE24-es**

- Gold standard for online e-payment processing
- Strong in ATM and POS markets
- Customers process over 60 billion transactions per year
- BASE24-es opens up the IBM-centric and open systems markets, plus secures migration path for existing base

- **Wholesale Payments System**

- High value money transfer system
- Strengths = scale, reliability, security
- Customers process over \$3 trillion per day

- **Proactive Risk Manager**

- Emerging leader in enterprise fraud detection
- Includes rules and custom model deployment options

- **Software as a Service**

- Domain management
- ASP-based services, starts with P&H
- Significantly expands market opportunity

- **Payments Manager**

- Back-office payment settlement

- **Smart Chip Manager**

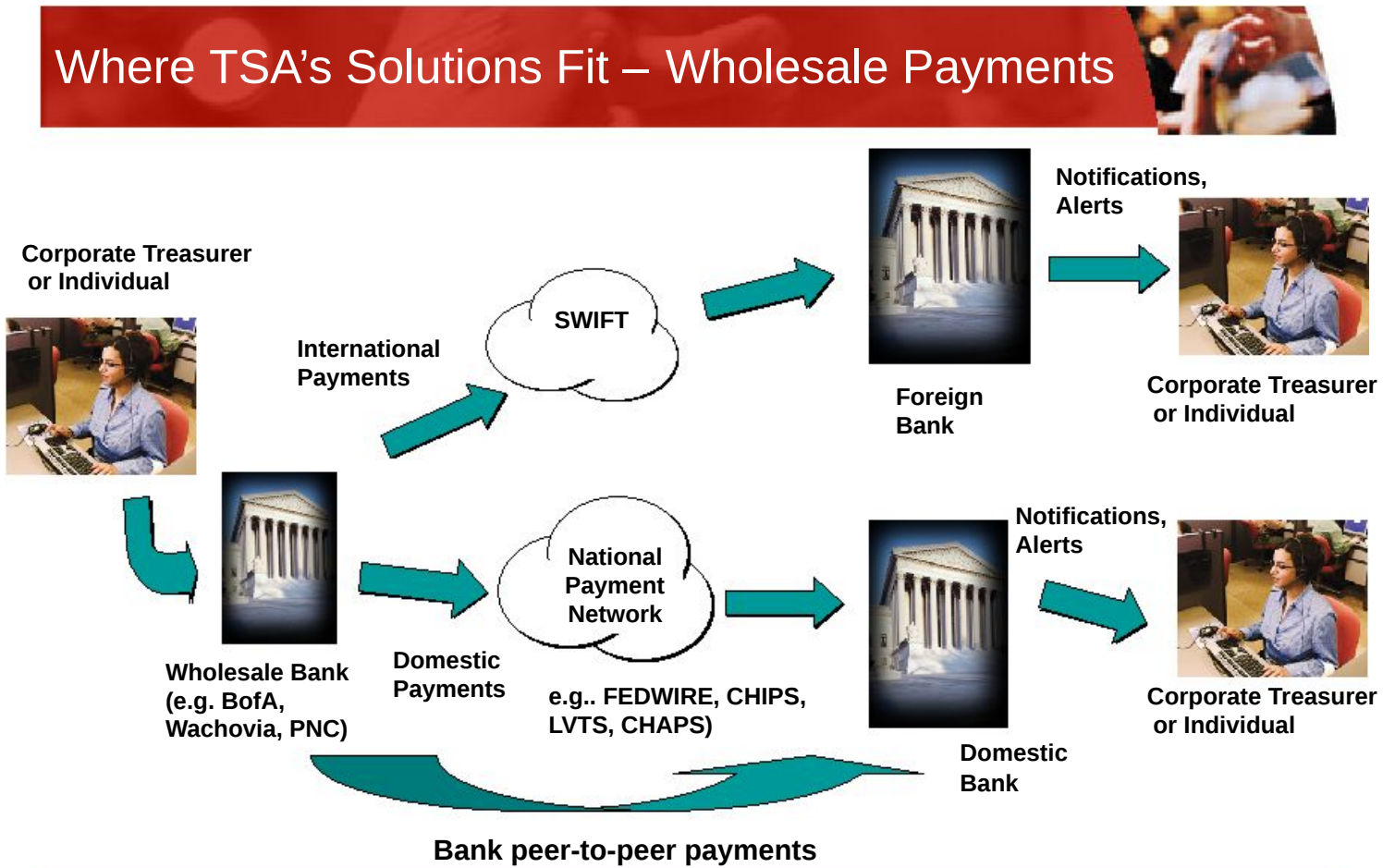
- Smartcard lifecycle management
- Supports Europay/Mastercard/Visa ("EMV") standards
- Facilitates "multi-application" on the chip

- **Retail Commerce Server**

- Suite of e-payments products targeted at retailers
- Runs on open systems including Windows and Unix

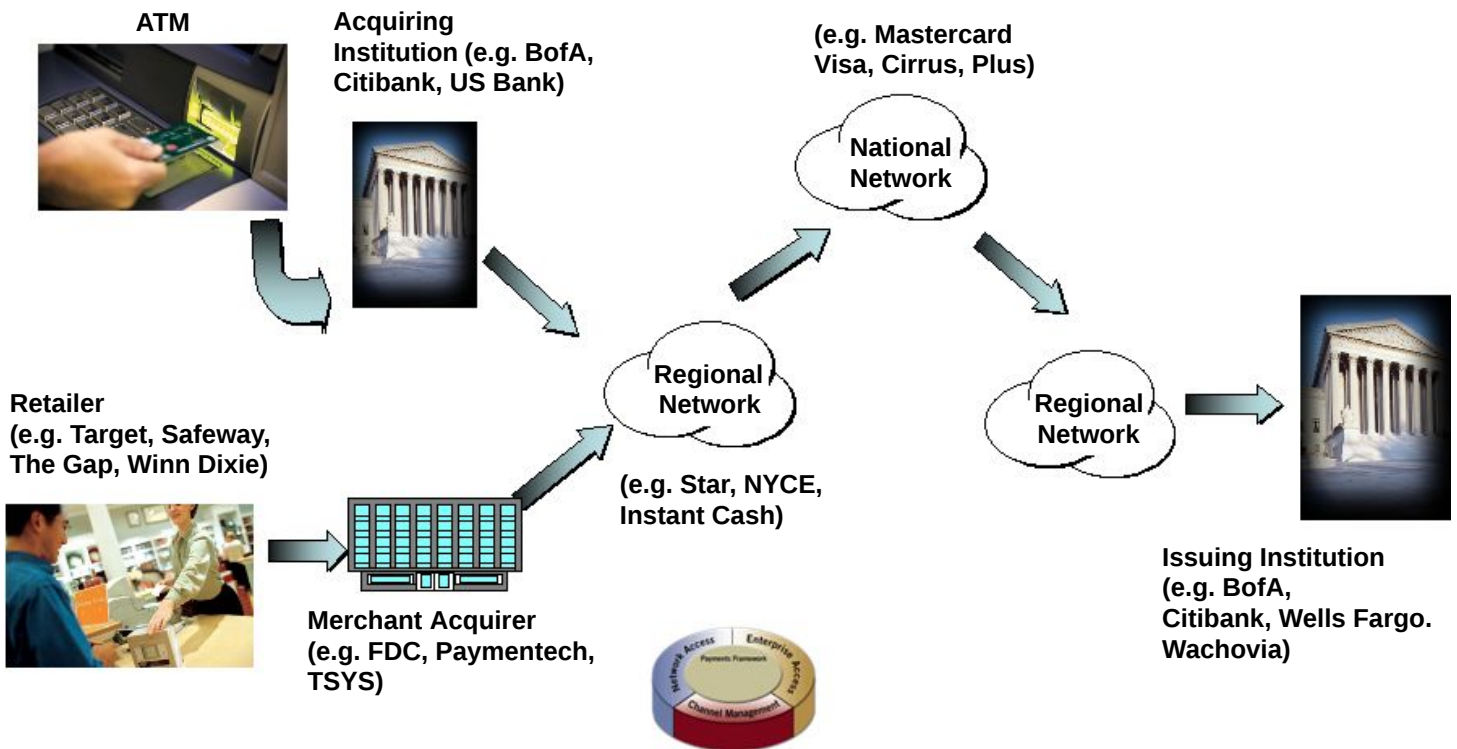
▶ *Portfolio of products that provide end-to-end e-payments solutions architecture*

Where TSA's Solutions Fit – Wholesale Payments



▶ *TSA facilitates multiple processing models and straight-through processing*

Where TSA's Solutions Fit – Consumer Payments



▶ *TSA offers services at every point in the payment flow*





- Top 2000 world banks
- Top 500 global retailers
- Top 200 global and regional payment processors
- Software as a Service
 - Designed to expand addressable market to lower tiers
 - P&H acquisition is catalyst

▶ *Dynamic industry with significant potential for growth*

TSA's Footprint



TSA revenue represents less than 1% of the total revenue in the 2005 "Fintech 100"

11 of the top 15 U.S. banks running the ACI Wholesale Payments System, and 23 of the top 500 world banks

116 of the top 500 world banks running Retail Payment Engines

32 of the top 500 world banks running ACI Proactive Risk Manager for fraud detection

12 of the top 25 U.S. banks running the Web Cash Manager Suite (with P&H)

9 of the top 20 global retailers, and 33 of the top 100 U.S. retailers

Blue-Chip Customer Base



Financial Institutions



Retailers



Processors/Switchers



▶ Long term relationships with blue chip customer base

3-Dimensional Licensing Model – Key Elements



- **Term (no perpetual licenses)**
 - Typical term is 5 years
 - Leverages longevity of customer relationship
- **Feature/function**
 - Pricing by module (TSA has thousands of modules)
 - Return from R&D initiatives
- **Business volumes**
 - Usually based on transactions, can be based on cards, accounts, etc.
 - Generally results in customers paying a fee per transaction
 - Ties the company to market volume growth

▶ *Attractive financial model tied to transaction volumes and contractually recurring revenue*



- **Maintenance provided to license customers**
 - 15-20% of license amount and include annual CPI adjustments
 - Includes periodic product updates in addition to usual product support
- **Professional services include design, development, implementation, integration and installation**
 - Standard is time and materials
 - Niche-specific, high-margin
- **Software as a Service**
 - Offers customers options for using IP
 - Customers pay “by the drink”
 - P&H brings new ASP offering

▶ *~50% of TSA's revenue comes from maintenance and services*



- **Tier 1 banks where IBM is the preference**
 - Increases opportunity by 2-3 times
- **Tier 2 banks and retailers**
 - Via Software as a Service
 - Via open-systems platforms (Unix, Windows, Linux)
- **Expansion into countries with large and/or high growth in payment volumes (e.g. Germany, Brazil, China)**
 - Unique opportunity to replace retail AND wholesale payments infrastructures
- **Global banks, deploying global solutions**
- **Cross-selling solutions into the base (e.g. fraud detection)**
 - Average customer today has approximately 2 TSA products

▶ *TSA is well positioned to capitalize on significant growth opportunities*



- **Focus is product extension, geographic expansion and delivery**
- **Purchase of S2 Systems (product extension)**
 - Adds technology and expertise
- **Purchase of eps Electronic Payment Systems AG (geographic, product extension)**
 - Leading supplier of consumer payments software in Germany
 - Created presence in key electronic payments region
 - Added strong technology and expertise in open-systems electronic payments
- **Purchase of P&H (delivery, product extension)**
 - Catalyzes software as a service initiative
 - Adds gold-standard wholesale banking solutions

▶ *Disciplined acquisition strategy focused on integration*



Industry Overview

Market Trends



- Electronic payment volumes still increasing, especially debit
 - Movement towards single-message format
- Focus on increasing *payments productivity*
- Growing fraud losses and a focus on enterprise-wide fraud detection and management
- Regulatory mandates accelerate – SEPA, Basel II, EMV, TDES
- Emerging interest in payments system convergence
 - Creating re-usable payments functions
 - Eliminating redundant systems
 - Creating homogenous systems images for global deployment

▶ Long-term electronic payments volume growth is superior to software spend growth and GDP

Global Electronic Payments

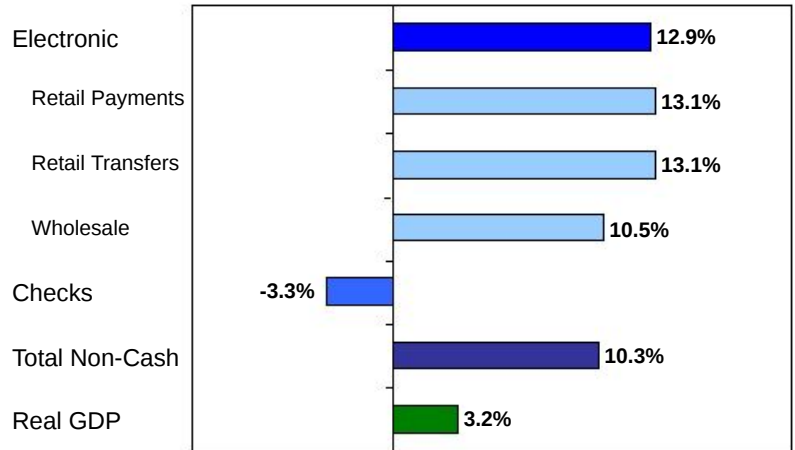


Global Payment Transactions

| | 2004 Transactions (billion) | Change in Transactions 2004 - 2009 (billion) | 2004 - 2009 Compound Annual Growth Rate |
|------------------|-----------------------------|--|---|
| Electronic | 209.8 | 174.4 | 12.9% |
| Retail Payments | 140.2 | 119.6 | 13.1% |
| Retail Transfers | 47.6 | 40.6 | 13.1% |
| Wholesale | 21.9 | 14.2 | 10.5% |
| Checks | 52.4 | -8.0 | -3.3% |
| Total Non-Cash | 262.2 | 166.4 | 10.3% |
| Real GDP | \$34,854 | \$6,027 | 3.2% |

Transaction Growth

Compound Annual Growth Rate, 2004 to 2009



▶ **Electronic Payments Top 210 Billion & Double by 2010**

Source: 2006 ACI Payments Market Forecast

Top 15 Countries – Electronic Payments



| Electronic Payments - 2004 | | | | | | |
|----------------------------|------------------|-------------------------------|-------------------------|---------------------|------------------------|----|
| | Top 15 Countries | Total Transactions (millions) | % of World Transactions | % of World Real GDP | % of World TSA revenue | |
| 1 | United States | 66,014 | 31.5% | 30.9% | 41.5% | |
| 2 | United Kingdom | 18,446 | 8.8% | 4.6% | 9.1% | |
| 3 | Germany | 17,301 | 8.2% | 5.6% | 1.2% | |
| 4 | France | 11,488 | 5.5% | 4.1% | 0.2% | ** |
| 5 | Brazil | 10,856 | 5.2% | 1.9% | 1.6% | ** |
| 6 | Canada | 9,189 | 4.4% | 2.3% | 5.9% | |
| 7 | China | 5,794 | 2.8% | 4.3% | 0.0% | ** |
| 8 | South Korea | 5,591 | 2.7% | 1.8% | 1.8% | ** |
| 9 | Australia | 5,529 | 2.6% | 1.2% | 2.9% | |
| 10 | Japan | 4,771 | 2.3% | 14.2% | 0.4% | ** |
| 11 | Spain | 4,571 | 2.2% | 1.9% | 0.4% | ** |
| 12 | Netherlands | 4,269 | 2.0% | 1.1% | 2.5% | |
| 13 | Italy | 3,517 | 1.7% | 3.2% | 3.2% | ** |
| 14 | Belgium | 3,395 | 1.6% | 0.7% | 0.1% | ** |
| 15 | Mexico | 3,129 | 1.5% | 1.8% | 2.4% | ** |
| | Total Top 15 | 173,860 | 82.9% | 79.3% | 73.4% | |
| | World | 209,762 | -- | -- | -- | |

** Countries where TSA's presence is limited



Source: 2006 ACI Payments Market Forecast

Top 15 Growing Countries – Electronic Payments



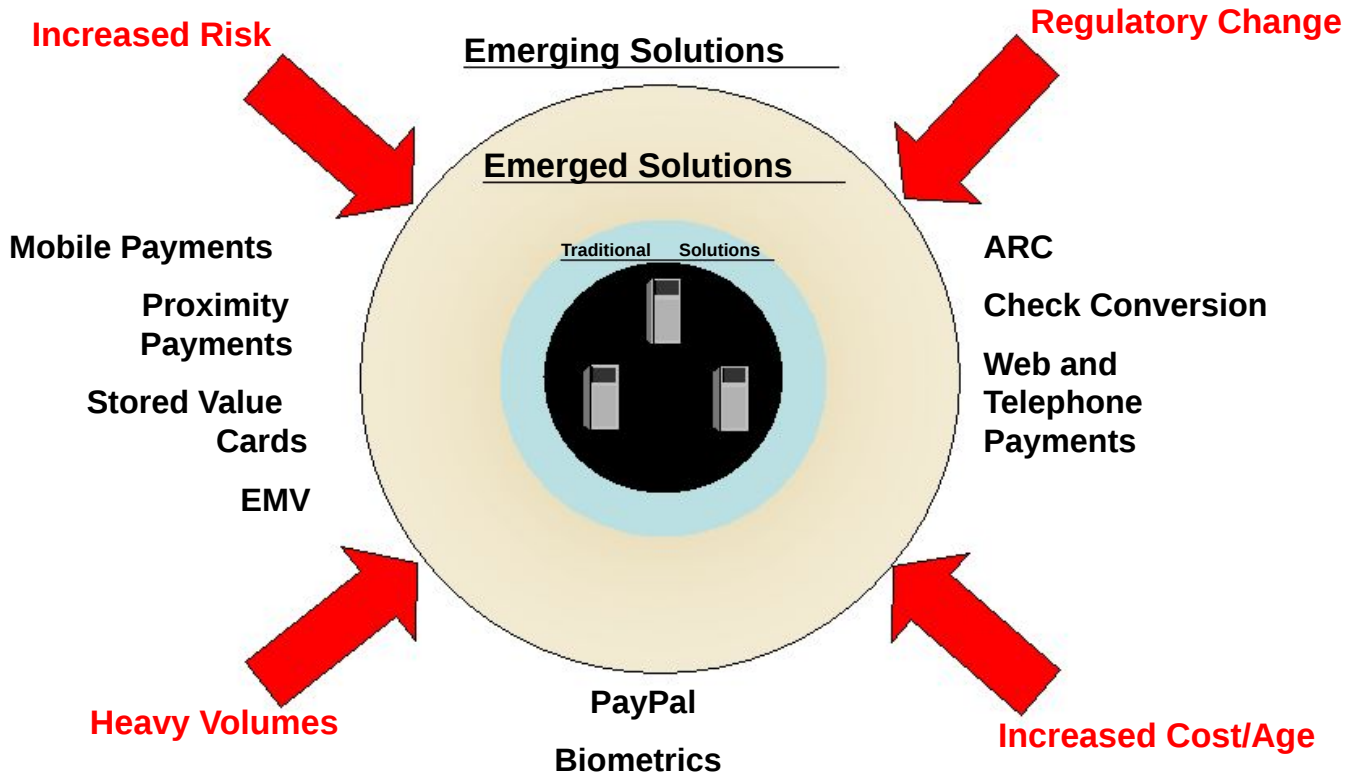
| Electronic Payments - Growth 2004 to 2009 | | | | |
|---|-----------------------------------|-------------------------------------|---------------------------------|----|
| Top 15 Countries | Change in Transactions (millions) | Compound Annual Growth Transactions | Compound Annual Growth Real GDP | |
| 1 United States | 52,273 | 12.4% | 3.3% | |
| 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 | 8.5% | 2.0% | ** |
| 8 Canada | 5,638 | 10.0% | 2.8% | |
| 9 Russia | 4,084 | 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% | |

** Countries where TSA's presence is limited



Source: 2006 ACI Payments Market Forecast

Today's Payment Systems are Under Pressure



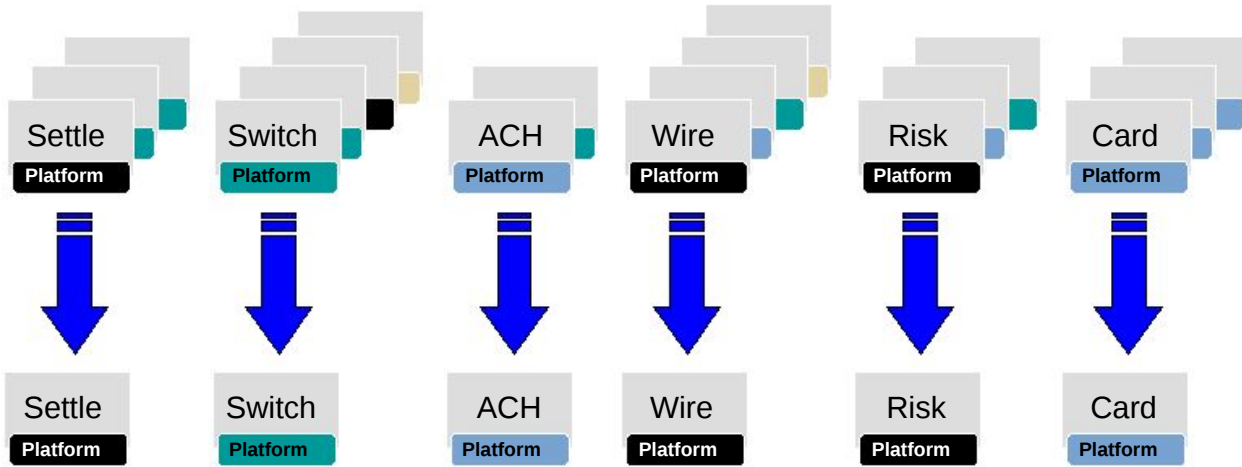
Why is Convergence Coming?



- Banks face cost issues
 - Competitive pressures
 - Ongoing mandate compliance
- Risk management issues
 - Authentication (ACI core competency)
 - SEPA, operational fraud, AML
- Time-to-market needs
 - Reusable services are needed
- Need for distinctive brand and image

▶ *TSA is well positioned as the premier provider of end-to-end payments solutions*

Multiple, Redundant "Payment Engines"



▶ *Banks and processors are beginning to consolidate their payment systems*

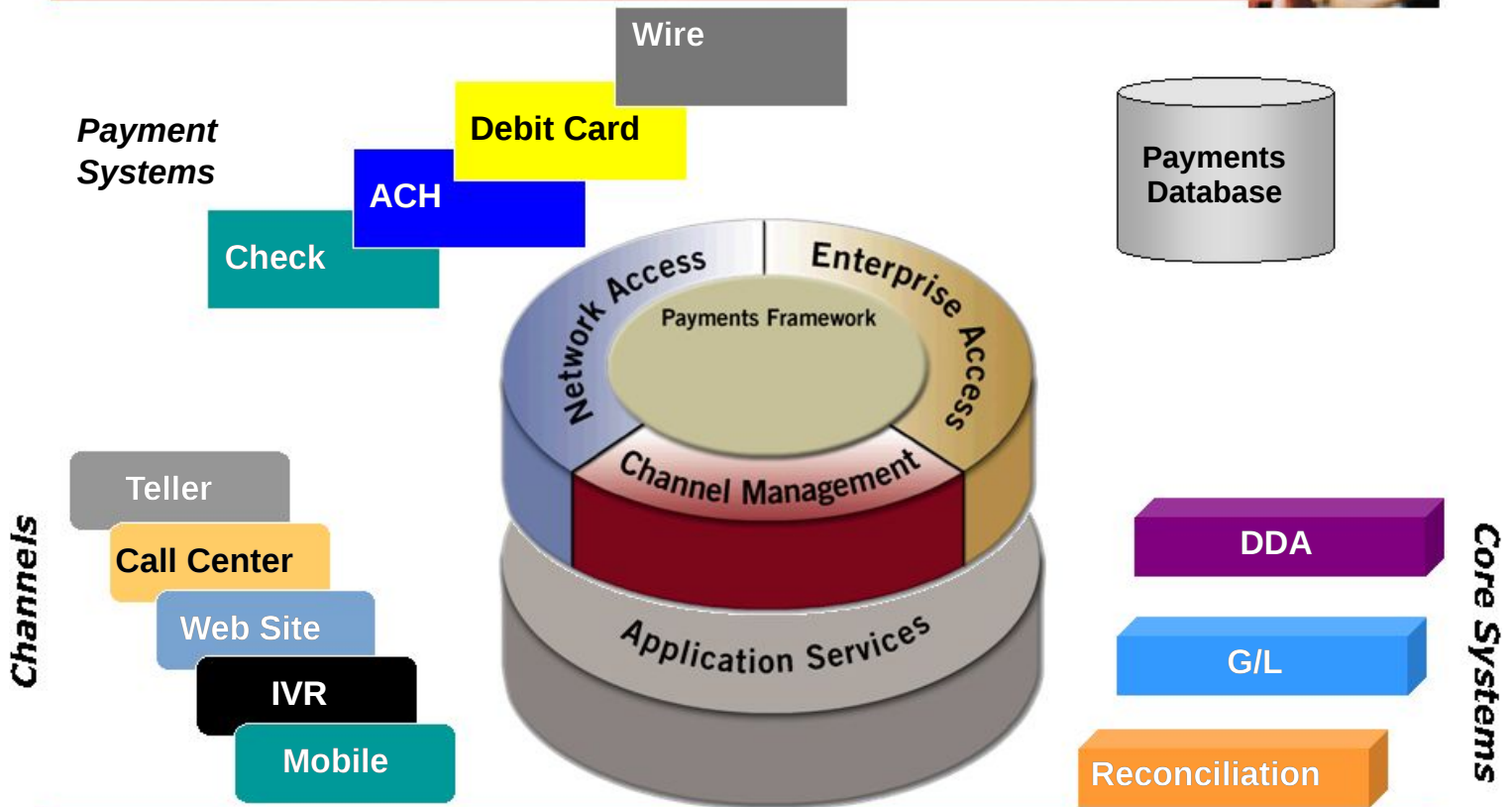
Common Services Can be Leveraged



| Payment Value Chain | | | | | | | | | | |
|---------------------|--------------|----------------------|-------------------------|-------------------|--------------------|----------------|---------------|--------------------|---------------------|-------------------|
| | TYPE | ID | CHANNEL MANAGEMENT | ENTERPRISE ACCESS | NETWORK ACCESS | AUTHENTICATION | AUTHORIZATION | PAYMENT PREP | CLEARING SETTLEMENT | RISK MANAGEMENT |
| Payment Instrument | Cash | | ATM | | | Watermark | | Counters Recyclers | Paper Based | Physical Controls |
| | Check | D License Check Card | POS, ATM BRNCH ARC, LBX | CORE | GRNTY | MICR CARD | DDA | SORT | IMAGE | RULES NEURAL |
| | Wire | ID+PW TESTKEY | TW, WEB BRANCH | CORE FX, TSVCS | SWIFT RTGS | KEY, MAC BIC | DDA | COMPLEX | CORR RECON | MANY |
| | Credit | CARD | ATM, POS BRANCH | CARD | VISA, MC AMEX, JCB | BIN, CVV EMV | CARD | STP | DUAL | RULES NEURAL |
| | Debit | CARD PIN | ATM, POS BRANCH | CORE, CARD | STAR, LINK, NETS | PIN, EMV | DDA | STP | SINGLE DUAL | RULES NEURAL |
| | ACH | CARD | TW, WEB | CORE | NACHA BACS | DEST | DDA | STP | DUAL | RULES NEURAL |
| | Bill Payment | WEB LOGON | WEB, ATM | CORE | CHKFREE | DEST | DDA | STP | DUAL | RULES NEURAL |



Providing an "Enterprise Payments Hub"



▶ Enterprise-based services increase overall efficiency and help reduce risk



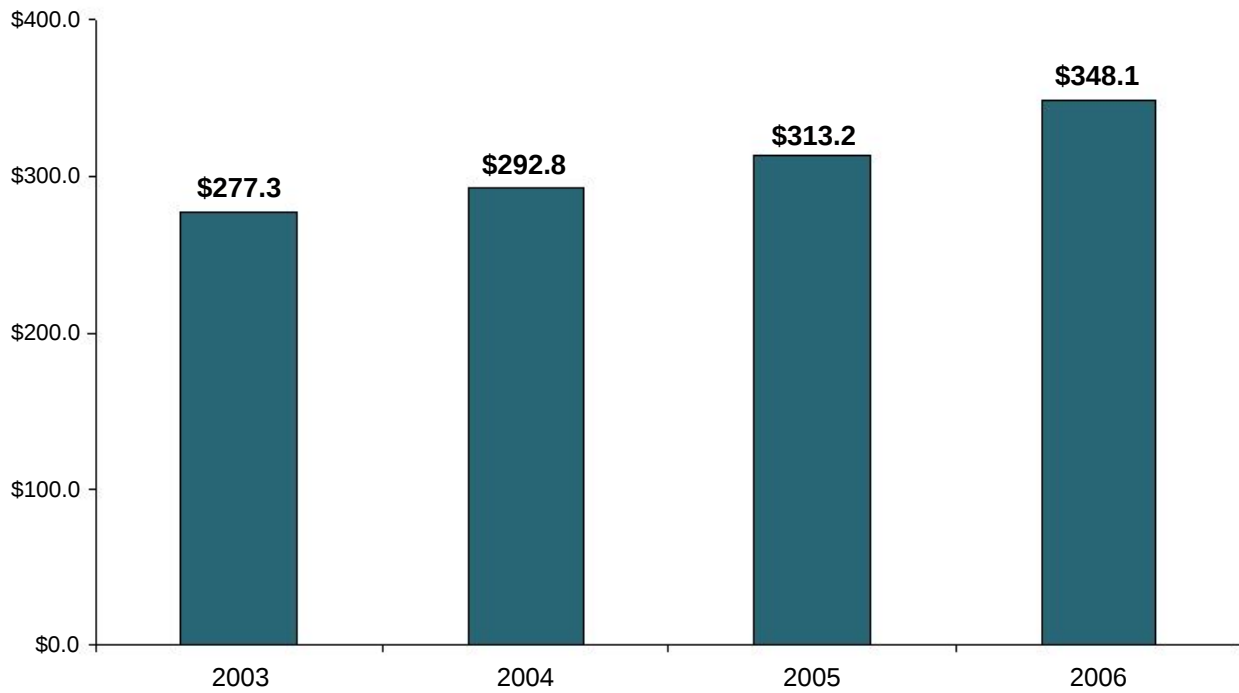


Financial Overview

Summary TSA Historical Financials – Revenue



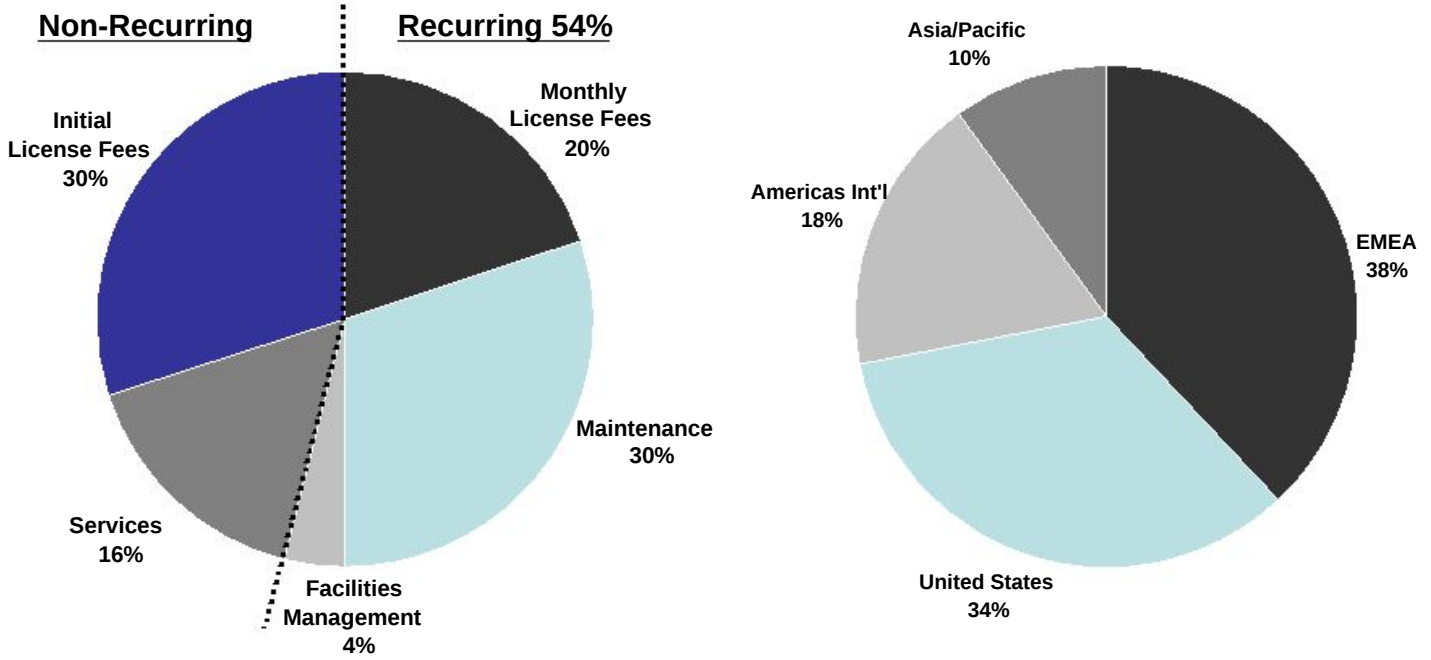
(\$ millions)



Revenue Mix

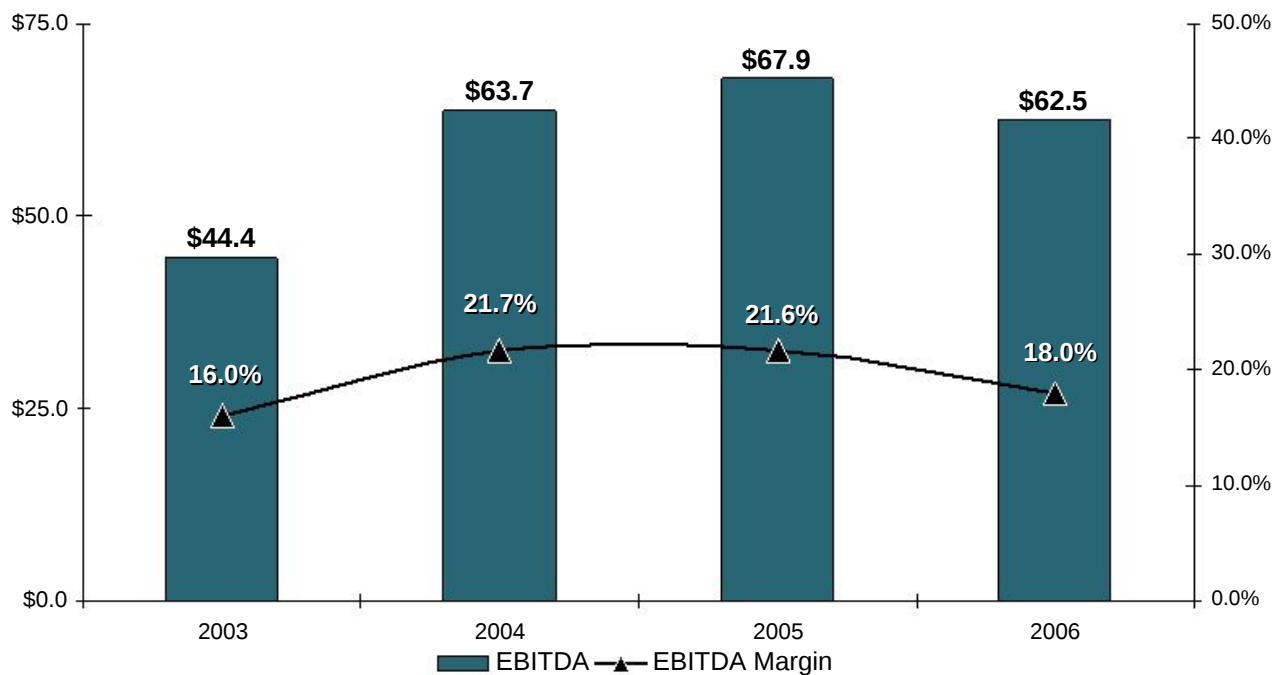


Fiscal 2006 Revenue of \$348.1 million



▶ *Highly recurring and geographically diverse revenue streams*

Summary TSA Historical Financials – EBITDA*



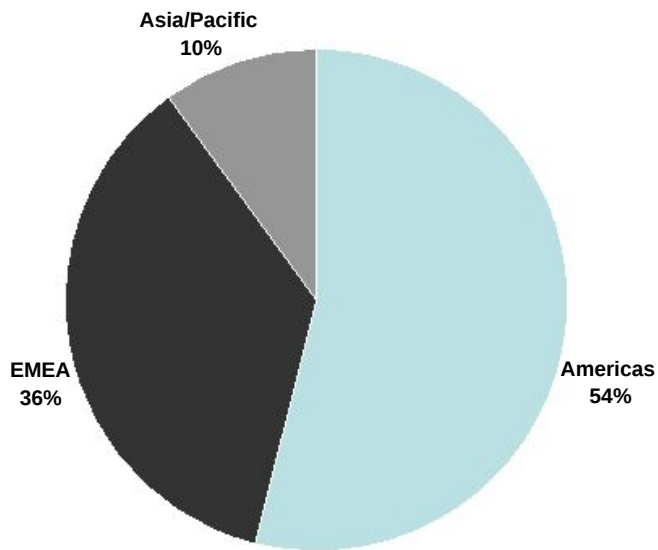
*Fiscal 2006 includes class action settlement of \$8.5 million and \$5.7 million of special expenses. EBITDA non-GAAP reconciliation is provided.



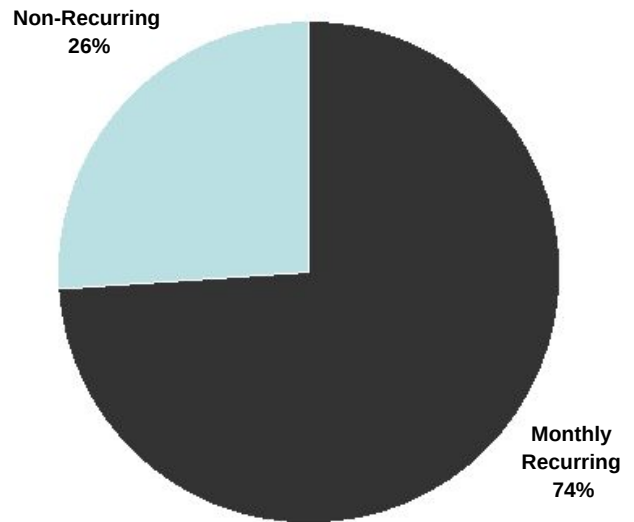
Backlog Overview*



60-Month Backlog – \$1.24 billion



12-Month Backlog – \$291 million



▶ **Backlog provides significant visibility into future operating results**

* As of 9/30/06, includes P&H backlog net of accounting adjustment, 12 month backlog of \$25 million and 60 month backlog of \$135 million





- Revenue Guidance for fiscal 2007 is expected to be in the range of \$430 million to \$442 million
 - P&H Revenue expected to be \$39 million to \$41 million
- Earnings per share guidance for fiscal 2007 is expected to be in the range of \$1.46* to \$1.61*
 - P&H is expected to be dilutive on a GAAP basis of \$0.17 to \$0.19 per diluted share, accretive on a cash basis
- Non-GAAP adjusted earnings per share expected to be in the range of \$1.82* to \$1.97* (see Non-GAAP Financial Measure reconciliation)

*The Company's fiscal 2007 financial guidance excludes any financial impact that may result from its options review and the costs associated with it.

Conclusion

- TSA is the category leader in global electronic payments software and solutions
- Long-term blue-chip customer base
- Significant recurring revenue base
- Large contracted backlog
- Strong cash flow generation
- Leadership advantages in areas of focus
- Positive industry fundamentals
- Experienced management team



www.tsainc.com





- Sales-to-revenue discussion
- Backlog analysis
- Valuation considerations

Sales-to-Revenue Mechanics

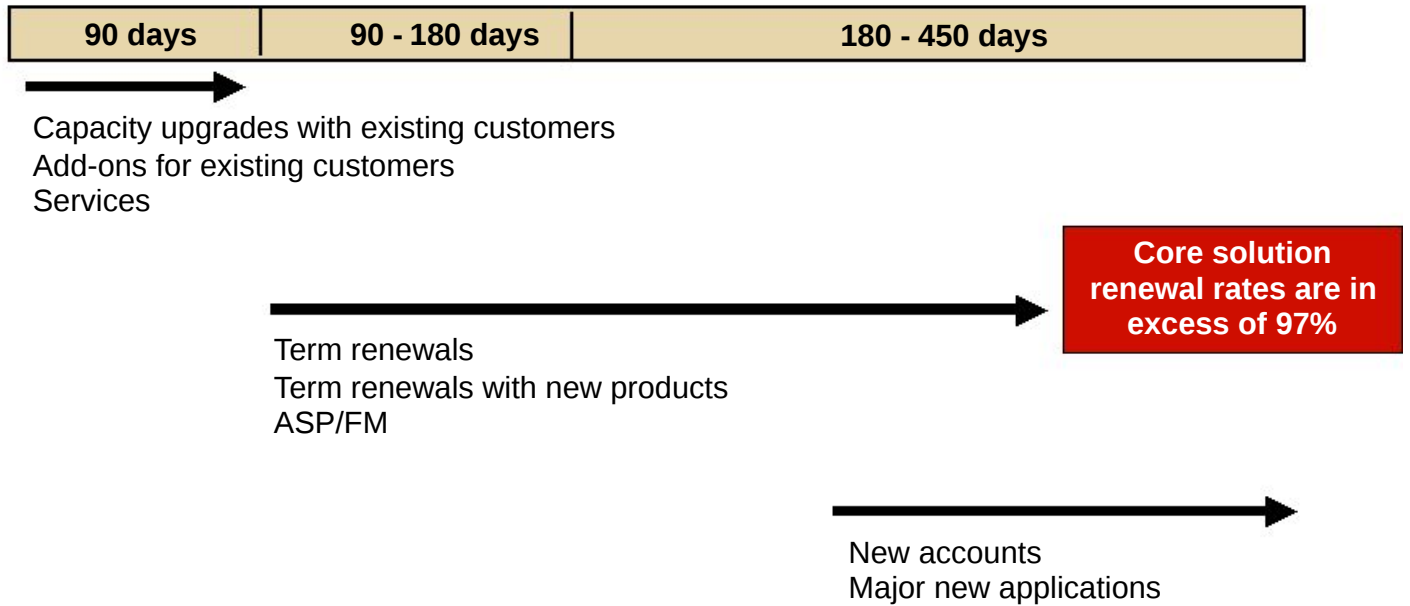


- Sales order mix (license fees, maintenance, services, ASP, etc.) and delivery or other acceptance provisions drive revenue recognition
- Key attributes are type of sale, contract terms and payment terms
- Maintenance and facilities management or ASP (P&H Solutions) revenue is generally recognized ratably over term of contract

TSA Sales Cycle by Type of Deal

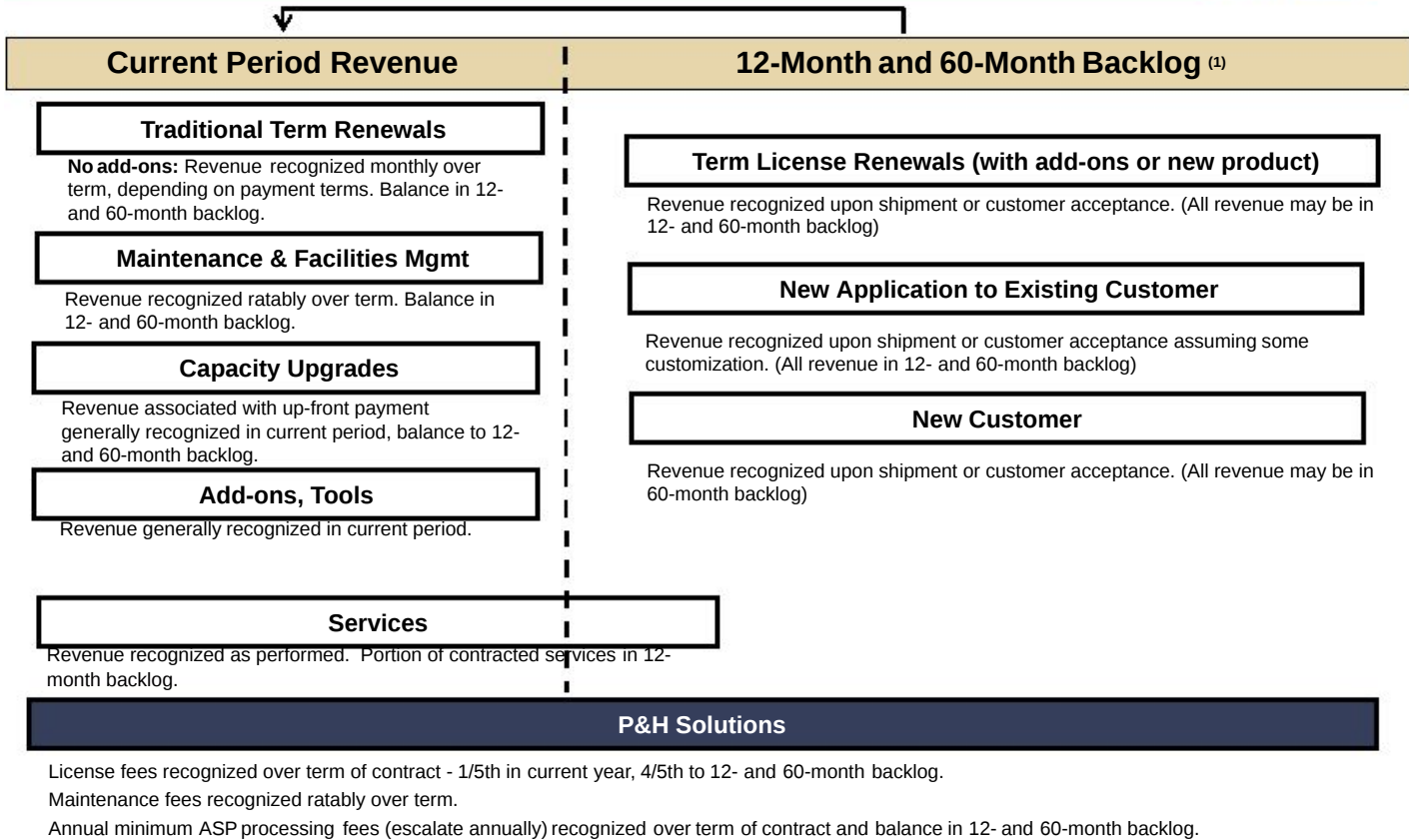


Sales cycle ranges from 90 to 450 days



Note – TSA expenses sales commissions when the deal is signed (paid later)

Sales-to-Revenue Flow



(1) At September 30, 2006, 12- and 60-month backlog were \$291.5M and \$1.24B, respectively.



General Payment Terms



TSA Products

| | |
|--------------------|--|
| Term Fees | <ul style="list-style-type: none">• 50% of up-front payment at contract signing• 50% of up-front payment at shipment or acceptance• Periodic payments for maintenance or ongoing license fees (monthly, quarterly, annually) once system is up and running (90-day warranty before maintenance begins) |
| Maintenance | <ul style="list-style-type: none">• Paid monthly, quarterly or annually |
| Services | <ul style="list-style-type: none">• Paid as performed |

P&H Products

| | |
|----------------------|---|
| License Fees | <ul style="list-style-type: none">• 100% paid of up-front payment at contract signing |
| Services | <ul style="list-style-type: none">• Paid as performed |
| On-going Fees | <ul style="list-style-type: none">• Maintenance paid annually• Minimum ASP processing fees paid annually (minimums increase over term of contract) |

TSA Backlog/Revenue Correlation



TSA's current 12 month (\$291.5M)⁽¹⁾ and 60 month (\$1.24B)⁽¹⁾ backlogs support long-term growth objectives and recurring nature of revenue reduces the risk profile of the business

- Revenue growth estimated to be in the low double digits (company's stated goal)
- Backlog excludes services⁽²⁾ revenue not yet contracted and transaction volume capacity upgrades. However, based on historical results, they can be considered recurring components of TSA's business.

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-------------|-------------|-------------|-------------|-------------|
| Revenue Breakdown Estimates | | | | | |
| Revenue to come from current backlog | 66% | 49% | 46% | 43% | 40% |
| Gap to revenue target | 34% | 51% | 54% | 57% | 60% |
| Total Revenue % | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| Operational View of Revenue Breakdown | | | | | |
| Contracted Revenue | | | | | |
| From 12-month and 60-month backlog | 66% | 49% | 46% | 43% | 40% |
| Sources of Revenue from Existing Clients | | | | | |
| Services not already in the backlog | 10% | 20% | 20% | 20% | 20% |
| Transaction volume capacity upgrades | 10% | 10% | 10% | 10% | 10% |
| Revenue from New Customers/Accounts | | | | | |
| | 14% | 21% | 24% | 27% | 30% |
| Total Revenue % | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

| Backlog |
|--|
| <ul style="list-style-type: none"> Existing contracts renewed at historical renewal rates Excludes non-contracted services, no capacity upgrades, no COLA, no up-front payments assumed for renewals |

| Gap Fill |
|---|
| <ul style="list-style-type: none"> Services (not yet contracted): historically ~20% of revenue Capacity upgrades: historically ~10% of revenue New business represents revenue from sales of new applications or new customers |

(1) As of September 30, 2006.

(2) Services under contract are included in the 12-month backlog.

Valuation Considerations of 60-month Backlog



Comparable Backlog Analysis

- Reviewed sample of application software vendors that report backlog greater than their 2007 revenue estimates
- Mean and Median Enterprise Value to Backlog Multiple estimated at approximately 1.4x
- TSA valued at approximately 1.0x 60-month backlog

Discounted Cash Flow Analysis Methodology

- Split backlog and gap fill into two components over 5-year forecast
 - Backlog: Year 1 equals TSA's 12-month backlog, Years 2-5 assume equal amounts of remaining backlog (60-month less 12-month backlog) with minimal growth
 - Gap Fill: equals revenue target less backlog
- Assume operating margins ~25%
- Applied different discount rates to backlog and gap fill over 5-year forecast to reflect risk of forecast
 - Backlog: lower discount rate (risk-free rate + premium) due to reduced risk related to contracted revenue
 - Gap Fill: traditional WACC
 - Blended discount rate lower compared to companies without significant backlog because of lower risk profile
- Assume historical investment in the business
- Standard terminal value approaches (e.g., current market multiples)

Long-term recurring nature of TSA's business and significant backlog represent a compelling and differentiated value proposition for long-term investors and should be considered when valuing the company.

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 below. The company assumes no obligation to update any forward-looking statement in this presentation.

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 the timing of completing the review of its historical stock option practices;
- Company’s expected timing regarding completion of the audit of its 2006 consolidated financial statements and the filing of its Annual Report on Form 10-K;
- Results of the option review;
- Expected amounts of the charges relating to the settlement of the class-action lawsuit;
- Company’s 12-month and 60-month backlog estimates;
- Company’s calculation of recurring and non-recurring backlog;
- Company’s revenues and EPS estimates for fiscal 2007;
- Company’s belief of emerging interest in payments system convergence; and
- Company’s belief of electronic payment volumes increasing.

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. Actual future results may vary materially from those expressed or implied in any forward-looking statement. In addition, the Company disclaims any obligation to update any forward-looking statements after the date of this presentation.

Forward-Looking Statements (continued)



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 December 14, 2005, the Company's form 10-Q filed on February 9, 2006, the Company's form 10-Q filed on May 10, 2006, the Company's form 10-Q filed on August 9, 2006 and specifically the sections entitled "Factors That May Affect the Company's Future Results or the Market Price of the Company's Common Stock."

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

- Risks inherent in making an estimate of the Company's 12-month and 60-month backlog which involve substantial judgment and estimates;
- Risks associated with tax positions taken by the Company which require substantial judgment and with which taxing authorities may not agree;
- Risks associated with litigation in the software industry regarding intellectual proprietary rights;
- Risks associated with the Company's ability to protect its proprietary rights;
- Risks associated with the Company's concentration of business in the financial services industry;
- Risks associated with fluctuations in quarterly operating results and resulting stock price volatility;
- Risks associated with conducting international operations;
- Risks regarding the Company's new BASE24-es product;
- Risks associated with the Company's dependence on its BASE24 solution;
- Risks associated with the Company's dependence on the licensing of software products that operate on Hewlett-Packard NonStop servers;
- Risks associated with the complexity of the Company's software products;
- Risks associated with the Company's acquisition of new products and services or enhancement of existing products and services through acquisitions of other companies, product lines, technologies and personnel, or through investments in other companies;
- Risks associated with the acquisition of S2 Systems and the integration of its operations and customers, including, without limitation, the risks described in the Company's Form 8-K filed July 1, 2005;
- Risks associated with the integration of its eps Electronic Payment Systems AG's operations and customers, including, without limitation, the risks described in the Company's Form 8-K filed May 11, 2006;
- Risks associated with the acquisition of its P&H operations and customers, including, without limitation, the risks described in the Company's Form 8-K filed September 1, 2006;
- 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 Web site at www.tsainc.com.

Non-GAAP Financial Measures

This presentation includes, EBITDA, a non-GAAP financial measure. 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 comparable to EBITDA measures of other companies. EBITDA should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. EBITDA reconciliation table:

(\$ thousands)

| TSA | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|-----------------------------|-------------|-------------|-------------|-------------|
| Net Income | 14,347 | 46,685 | 43,246 | 55,804 |
| Taxes | 19,288 | 10,750 | 22,861 | 5,986 |
| Interest Expense | 2,999 | 1,434 | 510 | 185 |
| Depreciation & Amortization | 9,015 | 6,571 | 5,180 | 8,362 |
| Interest Income | (1,211) | (1,762) | (3,843) | (7,825) |
| EBITDA | 44,438 | 63,678 | 67,954 | 62,512 |

Non-GAAP Financial Measure



Non GAAP Financial Measure

This presentation includes earnings per share guidance on an adjusted, non-GAAP basis. TSA is presenting this non-GAAP guidance to provide more transparency to its earnings, focusing on operations before selected non-cash items. The Company believes that providing this non-GAAP financial measure is useful to its 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. The presentation of this non-GAAP financial measure should be considered in addition to the Company's GAAP results and is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. A reconciliation of GAAP earnings per share to non-GAAP adjusted earnings per share is below.

| | <u>FY06 Preliminary</u> | <u>FY07 Guidance</u> |
|---|-------------------------|---------------------------|
| GAAP earnings per share | <u>\$1.46</u> | <u>\$1.46 to \$1.61**</u> |
| Tax benefit (first and third quarter FY06) | (0.46) | n/a |
| Lawsuit settlement cost | 0.14 | n/a |
| Adjusted earnings per share after selected one-time items | <u>\$1.14</u> | <u>\$1.46 to \$1.61**</u> |
| Amortization of acquisition-related intangibles | 0.05 | 0.22 |
| Non-cash equity-based compensation | 0.11 | 0.14 |
| Non-GAAP adjusted earnings per share | <u>\$1.30*</u> | <u>\$1.82 to \$1.97**</u> |

*FY06 Not adjusted for special expenses of \$0.10 for the fourth quarter

**Reflects P&H dilution in fiscal 2007 (detail as follows):

| | |
|--|----------------------|
| Projected contribution of P&H | \$0.06 to \$0.08 |
| Amortization of intangible assets from P&H | (\$0.12) to (\$0.12) |
| P&H non cash stock based compensation | (\$0.02) to (\$0.02) |
| P&H deferred revenue impact | (\$0.10) to (\$0.10) |
| Other net | (\$0.01) to (\$0.01) |
| Total P&H dilution for fiscal 2007 | (\$0.17) to (\$0.19) |



TSA

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