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## News Release

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### FOR IMMEDIATE RELEASE

#### **Transaction Systems Architects Reports Fiscal 2001 Fourth Quarter Results**

##### **Fourth Quarter Highlights:**

- **Revenues and pro forma diluted EPS at the high end of company guidance.**
- **Operating cash flow of \$8.6 million; cash balance increased to \$32 million.**
- **Fifteen new ACI Worldwide customers added during the quarter, including seven new customers for eCourier.**
- **Estimating \$70 to \$75 million in revenues for the first quarter fiscal 2002, and pro forma diluted EPS of \$.06 to \$.12.**
- **Initiating fiscal 2002 guidance of \$300 to \$320 million, and pro forma diluted EPS of \$.50 to \$.72.**

**(OMAHA, Neb.—October 30, 2001)**—Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading global provider of enterprise e-payments and e-commerce software, announced today that revenue for the fourth quarter of fiscal 2001 was \$75 million. Pro forma earnings per diluted share were \$.08. The company's guidance for the quarter was revenue of \$72 to \$75 million and EPS of \$.03 to \$.08. Operating cash flow was \$8.6 million and the cash balance for the company was \$32 million.

“Our fourth quarter performance was solid given a difficult environment,” said Larry Fendley, interim CEO. “Even with the unfortunate events in early September, we were able to deliver revenue and earnings that met our expectations. We added 15 new customers in our ACI Worldwide subsidiary, including seven new customers for our eCourier secure document delivery and payment product. We added two new countries to our geo portfolio; we now have customers in 81 countries. We were able to continue our focused R&D efforts while still

reducing our overall expense levels. One result of our performance is that our annualized revenue per employee increased to its highest level in two years.

“We had another strong quarter of operating cash flow,” added Fendley. “Our balance sheet continues to improve, as we have now raised our cash level to \$32 million and we have reduced the balance of our operating line of credit from \$15 million to \$12 million. With our expense run-rate reduced and our strengthened balance sheet, we are well prepared to emerge from the current economic environment even stronger than before.

“During the fourth quarter, we noted several significant developments for the company,” added Fendley. “First, we began shipping release 6.0 of our market-leading BASE24 enterprise e-payments product. We continue to invest in this best-of-breed software, and we continue to add market share, with seven new BASE24 customers added during the quarter. New BASE24 customers included two of the largest e-payment processors in North America, both of whom purchased our software to help them manage increasing e-payment volumes, with stringent requirements for system reliability and scalability.

“Second, we announced our Enterprise Payment System, to be shipped on the IBM z-series platform. We believe that this will extend the company into even more markets than before, and will effectively double the market opportunity for our more traditional e-payment solutions.

“Third, we continued our push into new markets for the company with our eCourier software. With seven new licenses for eCourier, across multiple geos and industries, we are beginning to extend the company into a completely new market sector, creating an incremental growth opportunity for TSA.

“Our newly-named Intranet subsidiary, focused on the global corporate banking sector, licensed its Money Transfer System to Fortis Bank NV, a top 50 global bank in Belgium,” said Fendley. “Intranet continues to solidify its leadership position at the high end of the corporate banking e-payment software marketplace.”

Pro forma results are computed by excluding acquisition-related charges (amortization of goodwill and software). Pro forma results for the quarter exclude \$6.3 million of software and

goodwill amortization from the acquisitions of SDM International, Inc., Insession Inc., WorkPoint Systems, Inc. and MessagingDirect, Ltd.

The company completed the fourth quarter of fiscal 2001 with \$183 million in backlog, consisting of \$50 million in non-recurring revenue and \$133 million in recurring revenue. Recurring revenues include all monthly license fees, maintenance fees and facilities management fees that the company expects to recognize over the next 12 months. Non-recurring revenues are composed of all other fees, including initial license fees, specified in software and services contracts the company expects to recognize in the next 12 months.

“Looking forward to the first quarter of 2002, we expect revenue in the range of \$70 million to \$75 million, and pro forma EPS of \$.06 to \$.12,” said Fendley. “The December quarter has historically been our weakest quarter. We believe that our pipeline is strengthening, but that it is prudent to take a conservative outlook given market uncertainty. For fiscal 2002, we are expecting revenue between \$300 million and \$320 million, and pro forma EPS of \$.50 to \$.72. As we have noted, our work in improving the financial health of the company positions us to deliver much better earnings even if we experience modest revenue growth.”

#### **About Transaction Systems Architects, Inc.**

Transaction Systems Architects’ 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, secure electronic commerce, mobile commerce, smart cards, secure electronic document delivery and payment, checks, high-value money transfers, bulk payment clearing and settlement, and enterprise e-infrastructure. Transaction Systems Architects’ solutions are used on more than 3,600 product systems in 81 countries on six continents.

TSA will hold a teleconference at 5:00 p.m. EST, October 30, 2001, to discuss fourth-quarter financial results. TSA will open the conference call to the general public by broadcasting the call live over the Internet. Interested persons may access a real-time audio broadcast of the teleconference at: [www.tsainc.com/ir/ir.asp](http://www.tsainc.com/ir/ir.asp).

To access the web cast, enter the conference name (Transaction Systems Architects, Inc.), viewer pass code (2079425) and the date (10/30/2001) along with your registration information. The web cast will be archived for seven days after the teleconference at the same web address listed above.

The statements in this report regarding projected results are preliminary and “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, this report contains other forward-looking statements including statements regarding the Company’s or third parties’ expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect. The forward-looking statements in this report are subject to a variety of risks and uncertainties. Actual results could differ materially. Factors that could cause actual results to differ include but are not limited to the following:

The acquisition of MessagingDirect is subject to numerous risks, including the following: (i) MessagingDirect is in a highly competitive industry, (ii) MessagingDirect does not have a significant market presence, significant revenues, or widespread acceptance or prolonged use of its products, (iii) MessagingDirect has not been profitable, (iv) the electronic statement presentation and electronic bill presentment and payment markets may not achieve the predicted growth rates, (v) MessagingDirect’s products, personnel, and operations may be difficult to combine with those of TSA, the products may not be accepted by TSA’s customer base, and there will be significant integration costs of combining the businesses and (vi) the acquisition will have a dilutive effect on earnings per share and amortization of intangible assets will have an adverse effect on earnings.

TSA is subject to risks of conducting international operations including: difficulties in staffing and management, reliance on independent distributors, fluctuations in foreign currency exchange rates, compliance with foreign regulatory requirements, variability of foreign economic conditions, and changing restrictions imposed by U.S. export laws.

TSA will continue to derive a substantial majority of its total revenues from licensing its BASE24 family of software products and providing services and maintenance related to those products. Any reduction in demand for, or increase in competition with respect to, BASE24 products would have a material adverse effect on TSA’s financial condition and results of operations.

TSA’s business is concentrated in the banking industry, making it susceptible to a downturn in that industry.

Fluctuations in quarterly operating results may result in volatility in TSA’s stock price. No assurance can be given that operating results will not vary. TSA’s stock price may also be volatile, in part due to external factors such as announcements by third parties or competitors, inherent volatility in the high-technology sector and changing market conditions in the industry.

In May 2001, TSA announced the resignation of its Chief Executive Officer and its President, the organization of a search committee and the engagement of a professional executive search firm to solicit and assist in the selection of a permanent CEO. Pending the selection of a permanent CEO, a member of TSA’s board of directors has been appointed to serve as interim CEO. There can be no assurance that suitable CEO candidates will be readily identified, or, if identified, that a CEO candidate will be willing or able to accept the terms, conditions or other arrangements relating to the CEO position, including relocating, if necessary, to TSA’s headquarters in Omaha, Nebraska. Further, there can be no assurance that the transition from former CEO to interim CEO to permanent CEO will be accomplished in a timeframe or in a manner that will not have a material adverse effect on TSA’s financial condition and results of operations.

For a detailed discussion of these and other risk factors, interested parties should review the Company’s filings with the Securities and Exchange Commission, including Exhibit 99.01 to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2000.

## **FINANCIAL HIGHLIGHTS FOLLOW**

**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited and in thousands)

	<u>September 30,</u> 2001	<u>September 30,</u> 2000
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 32,252	\$ 23,400
Marketable securities	2,650	8,106
Billed receivables, net	50,277	63,556
Accrued receivables	50,932	51,659
Prepaid income taxes	1,911	2,710
Deferred income taxes	8,700	11,208
Other	<u>10,990</u>	<u>13,134</u>
Total current assets	157,712	173,773
Property and equipment, net	14,580	19,614
Software, net	27,954	26,757
Intangible assets, net	82,327	65,254
Long-term accrued receivables	24,916	27,018
Investments and notes receivable	1,309	6,146
Deferred income taxes	13,627	2,958
Other	<u>5,028</u>	<u>8,632</u>
Total assets	<u>\$ 327,453</u>	<u>\$ 330,152</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 12,559	\$ 18,396
Accounts payable	13,542	16,023
Accrued employee compensation	9,030	7,472
Accrued liabilities	23,369	20,003
Deferred revenue	<u>35,857</u>	<u>43,373</u>
Total current liabilities	94,357	105,267
Long-term debt	761	532
Long-term deferred revenue	12,610	13,993
Other	<u>1,057</u>	<u>-</u>
Total liabilities	<u>108,785</u>	<u>119,792</u>
Stockholders' equity:		
Class A Common Stock	184	165
Additional paid-in capital	222,501	170,946
Retained earnings	42,016	85,033
Treasury stock, at cost	(35,258)	(35,258)
Accumulated other comprehensive income	<u>(10,775)</u>	<u>(10,526)</u>
Total stockholders' equity	<u>218,668</u>	<u>210,360</u>
Total liabilities and stockholders' equity	<u>\$ 327,453</u>	<u>\$ 330,152</u>

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**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited and in thousands, except per share amounts)

	<u>Three Months Ended September 30,</u>		<u>Year Ended September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
Software license fees	\$ 44,454	\$ 48,036	\$ 173,796	\$ 176,295
Maintenance fees	18,474	17,498	70,246	68,727
Services	12,074	16,623	55,759	58,543
Total revenues	<u>75,002</u>	<u>82,157</u>	<u>299,801</u>	<u>303,565</u>
Expenses:				
Cost of software license fees	9,919	12,207	43,466	45,967
Cost of maintenance and services	16,457	18,673	73,490	70,681
Research and development	8,883	10,279	40,528	38,832
Selling and marketing	17,848	20,937	76,273	75,539
General and administrative	18,318	16,434	77,008	62,416
Amortization of goodwill and purchased intangibles	3,860	2,418	13,933	8,388
Total expenses	<u>75,285</u>	<u>80,948</u>	<u>324,698</u>	<u>301,823</u>
Operating income (loss)	<u>(283)</u>	<u>1,209</u>	<u>(24,897)</u>	<u>1,742</u>
Other income (expense):				
Interest income	1,132	832	4,397	3,481
Interest expense	(287)	(599)	(2,004)	(912)
Other	1,039	215	(22,307)	(718)
Total other income (expense)	<u>1,884</u>	<u>448</u>	<u>(19,914)</u>	<u>1,851</u>
Income (loss) before income taxes	1,601	1,657	(44,811)	3,593
Income tax benefit (provision)	(5,147)	(729)	1,794	(1,482)
Net income (loss)	<u>\$ (3,546)</u>	<u>\$ 928</u>	<u>\$ (43,017)</u>	<u>\$ 2,111</u>
Earnings per share information:				
Weighted average shares outstanding:				
Basic	<u>35,170</u>	<u>31,610</u>	<u>34,116</u>	<u>31,744</u>
Diluted	<u>35,170</u>	<u>31,864</u>	<u>34,116</u>	<u>32,117</u>
Earnings per share:				
Basic	<u>\$ (0.10)</u>	<u>\$ 0.03</u>	<u>\$ (1.26)</u>	<u>\$ 0.07</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ 0.03</u>	<u>\$ (1.26)</u>	<u>\$ 0.07</u>

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**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**Reconciliation of Actual Results to Pro Forma Results**  
**For the Quarterly Period Ended September 30, 2001**  
(unaudited and in thousands, except per share amounts)

	Three Months Ended September 30, 2001		
	As Reported	Amortization	Pro Forma
Revenues:			
Software license fees	\$ 44,454	\$ -	\$ 44,454
Maintenance fees	18,474	-	18,474
Services	12,074	-	12,074
Total revenues	75,002	-	75,002
Expenses:			
Cost of software license fees	9,919	(2,461)	7,458
Cost of maintenance and services	16,457	-	16,457
Research and development	8,883	-	8,883
Selling and marketing	17,848	-	17,848
General and administrative	18,318	-	18,318
Amortization of goodwill and purchased intangibles	3,860	(3,860)	-
Total expenses	75,285	(6,321)	68,964
Operating income (loss)	(283)	6,321	6,038
Other income (expense):			
Interest income	1,132	-	1,132
Interest expense	(287)	-	(287)
Other	1,039	-	1,039
Total other income (expense)	1,884	-	1,884
Income (loss) before income taxes	1,601	\$ 6,321	7,922
Income tax benefit (provision)	(5,147)	-	(5,147)
Net income (loss)	\$ (3,546)	\$ 6,321	\$ 2,775
Earnings per share information:			
Weighted average shares outstanding:			
Basic	35,170		35,170
Diluted	35,170		35,373
Earnings per share:			
Basic	\$ (0.10)		\$ 0.08
Diluted	\$ (0.10)		\$ 0.08