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News Release

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FOR IMMEDIATE RELEASE

Transaction Systems Architects Reports Third Quarter Results

Highlights –

- Revenue of \$73.8 million, an increase of 6.2 percent
- Operating income of \$4.7 million; operating margin of 6.3 percent
- Twelve month revenue backlog of \$225.9 million
- Operating cash flow of \$11.5 million; cash balance of \$100.9 million

(OMAHA, Neb.—July 29, 2003)—Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading global provider of enterprise e-payments and e-commerce software, announced today that revenue for the third quarter of fiscal 2003 was \$73.8 million, an increase of 6.2 percent over the third quarter of fiscal 2002. Net loss for the quarter was \$1.9 million, or \$.05 per diluted share. The operating results for the third quarter of fiscal 2003 reflect a goodwill impairment charge of \$9.3 million, which is not tax deductible, relating to the 2001 acquisition of MessagingDirect. MessagingDirect provides the Company's secure document delivery technology.

For the third quarter of fiscal 2003, revenues were comprised of software license fees of \$40.7 million, maintenance fees of \$20.7 million and services fees of \$12.4 million. The Company's recurring revenue was \$43.7 million, or 59 percent of revenue, and non-recurring revenue was \$30.1 million, or 41 percent of revenue. Recurring revenue consists of monthly license fees of \$21.8 million, maintenance fees of \$20.7 million and facilities management fees of \$1.2 million. Operating income was \$4.7 million with an operating margin of 6.3 percent. Operating cash flow was \$11.5 million with a cash balance as of June 30, 2003 of \$100.9 million.

The Company completed the third quarter of fiscal 2003 with \$225.9 million in backlog, consisting of \$164.3 million in recurring revenue backlog and \$61.6 million in non-recurring revenue backlog. The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in executed contracts to the extent that the Company believes that recognition of the related revenue will occur within one year. The Company includes in its non-recurring revenue backlog all fees (other than recurring fees) specified in executed contracts to the extent that the Company believes that recognition of the related revenue will occur within one year.

During the quarter, the Company added 23 new customers and brought its worldwide presence to 72 countries. For ACI Worldwide, the Company's largest business unit, new customer activity for the quarter included the following: six customers for BASE24™, three customers for ACI Proactive Risk Manager™, two WINPAY24™ accounts and one customer for NET24™. In addition to the new customers, ACI Worldwide licensed BASE24-es™ solutions to four existing customers during the quarter including BB&T Corporation, the 11th largest financial holding company in the U.S. Also, ACI Worldwide licensed capacity upgrades to 14 customers during the quarter. Insession Technologies, the Company's e-infrastructure business unit, added 11 new customers during the quarter.

“In what continues to be a difficult environment, the Company generated revenue growth of 6.2 percent and improved its cash position to over \$100 million,” said Gregory D. Derkacht, President and CEO. “As we look forward, we will continue to invest in initiatives that we believe are strategic to the future growth of TSA. These key initiatives include our multi-platform solution – BASE24-es, our back office suite – ACI Payments Manager, and our fraud detection solution – ACI Proactive Risk Manager.”

The Company will provide further details regarding its financial performance for the third quarter of fiscal 2003 in its scheduled teleconference to be held Tuesday, July 29, 2003 at 4:00 pm CDT. Interested persons may access a real-time audio broadcast of the teleconference at: www.tsainc.com/ir/ir.asp. The web cast will be archived for ten days after the teleconference at the same web address listed above.

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, 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. The Company's solutions are used on more than 1,650 product systems in 72 countries on six continents.

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 include words or phrases such as "management anticipates," "the Company believes," "the Company anticipates," "the Company expects," "the Company plans," "the Company will," and words and phrases of similar impact, and include but are not limited to statements regarding future operations, business strategy and business environment. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this press release include statements regarding (1) the Company's recurring and non-recurring backlog, and (2) management of our business units in the future by, among other things, focusing on key growth initiatives. Actual results could differ materially from that contained in the forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, the following:

- The Company's calculation of backlog is based on customer contracts that exist on the date of the calculation. A number of factors may change after the date of calculation that could result in actual revenues being less than the amounts contained in backlog. The Company's customers may attempt to renegotiate or terminate their contracts due to a number of factors, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location, or the Company may experience delays in the development of products or services specified in customer contracts. Accordingly, there can be no assurance that contracts included in recurring or non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one-year period.

Any or all of the forward-looking statements may turn out to be wrong. They can be affected by inaccurate 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.

These cautionary statements and any other cautionary statements that may accompany such forward-looking statements, whether written or oral, expressly qualify all of the forward-looking statements. In addition, the Company disclaims any obligation to update any forward-looking statements after the date of this release unless applicable securities laws require it to do so.

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 the Company's Form 10-K filed on January 13, 2003, the Company's Form 10-Q filed on February 13, 2003 and the Company's Form 10-Q filed on May 15, 2003.

FINANCIAL HIGHLIGHTS FOLLOW

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>June 30,</u> <u>2003</u>	<u>September 30,</u> <u>2002</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 100,893	\$ 87,894
Marketable securities	2,807	3,757
Billed receivables, net	43,479	35,755
Accrued receivables	6,888	13,132
Deferred income taxes, net	9,657	17,554
Other	<u>5,365</u>	<u>4,560</u>
Total current assets	169,089	162,652
Property and equipment, net	10,113	11,597
Software, net	2,684	5,609
Goodwill, net	46,457	55,947
Deferred income taxes, net	25,615	27,546
Other	<u>2,391</u>	<u>3,168</u>
Total assets	<u>\$ 256,349</u>	<u>\$ 266,519</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt - financing agreements	\$ 16,721	\$ 18,444
Accounts payable	6,946	7,348
Accrued employee compensation	8,680	7,583
Accrued liabilities	9,116	11,494
Income taxes payable	3,625	7,847
Deferred revenue	68,830	59,598
Other	<u>756</u>	<u>872</u>
Total current liabilities	114,674	113,186
Debt - financing agreements	12,498	24,866
Deferred revenue	20,014	23,860
Other	<u>1,472</u>	<u>1,749</u>
Total liabilities	<u>148,658</u>	<u>163,661</u>
Stockholders' equity:		
Class A Common Stock	183	183
Treasury stock, at cost	(35,258)	(35,258)
Additional paid-in capital	229,572	228,465
Accumulated deficit	(78,715)	(83,927)
Accumulated other comprehensive loss, net	<u>(8,091)</u>	<u>(6,605)</u>
Total stockholders' equity	<u>107,691</u>	<u>102,858</u>
Total liabilities and stockholders' equity	<u>\$ 256,349</u>	<u>\$ 266,519</u>

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TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
Revenues:				
Software license fees	\$ 40,717	\$ 38,706	\$ 110,214	\$ 119,152
Maintenance fees	20,675	18,175	58,740	55,656
Services	12,382	12,572	36,559	39,119
Total revenues	<u>73,774</u>	<u>69,453</u>	<u>205,513</u>	<u>213,927</u>
Expenses:				
Cost of software license fees	6,339	6,673	18,567	23,838
Cost of maintenance and services	15,082	14,953	45,583	47,366
Research and development	9,478	8,711	25,785	26,678
Selling and marketing	13,686	15,264	40,951	43,002
General and administrative	15,245	11,297	41,932	38,993
Impairment of goodwill	9,290	-	9,290	-
Total expenses	<u>69,120</u>	<u>56,898</u>	<u>182,108</u>	<u>179,877</u>
Operating income	<u>4,654</u>	<u>12,555</u>	<u>23,405</u>	<u>34,050</u>
Other income (expense):				
Interest income	281	404	876	1,044
Interest expense	(682)	(1,313)	(2,425)	(4,376)
Other, net	225	424	(835)	4,022
Total other income (expense)	<u>(176)</u>	<u>(485)</u>	<u>(2,384)</u>	<u>690</u>
Income before income taxes	4,478	12,070	21,021	34,740
Income tax provision	(6,331)	(7,066)	(15,809)	(20,528)
Net income (loss)	<u>\$ (1,853)</u>	<u>\$ 5,004</u>	<u>\$ 5,212</u>	<u>\$ 14,212</u>
Earnings (loss) per share information:				
Weighted average shares outstanding:				
Basic	<u>35,571</u>	<u>35,355</u>	<u>35,489</u>	<u>35,303</u>
Diluted	<u>35,707</u>	<u>35,735</u>	<u>35,601</u>	<u>35,576</u>
Earnings (loss) per share:				
Basic	<u>\$ (0.05)</u>	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.40</u>
Diluted	<u>\$ (0.05)</u>	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.40</u>