ACI payment systems

ACI's software underpins electronic payments throughout retail and wholesale banking, and commerce all the time.

trusted globally

June 30, 2011 Quarterly Results Presentation

July 26, 2011

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 that may affect them is set forth at the end of this presentation. The Company assumes no obligation to update any forward-looking statement in this presentation, except as required by law.

19 of the world's top 20 banks, 5 of the top 10 U.S. retailers and 6 of the leading 25 global retailers, rely on ACI payments software.

Quarterly Overview

Phil Heasley
Chief Executive Officer

trusted globally

Q2 2011 in Review

- Much stronger sales quarter than last year driven by large renewals in North America and in Northern Europe
- 12 and 60-month backlog metrics continue to improve visibility into future revenue stream
- Strong revenue growth driven by increased recurring revenue
- Strong growth in operating income and Adjusted EBITDA
- Good visibility into pipeline across all geographies leads us to raise our 2011 guidance

Business Overview

Q2 2011 Sales

Q2 Sales ($MM)	Q2 2010	Q2 2011	% Growth
New Sales	**$69.7**	**$73.9**	**+6%**
Term Extension	**$38.3**	**$73.1**	**+91%**
Total Sales	$108.0	$147.0	36%

- 36% increase in year-over-year sales, including 6% increase in new sales
- Major new international payment processing account
- New hosting sale to major U.S. processor
- Strong term renewals, supplemented by new modules, capacity, and services
- Consistent sales strength in all three geographies; pipeline remains strong

ACI payment systems

Key Industry Dynamics

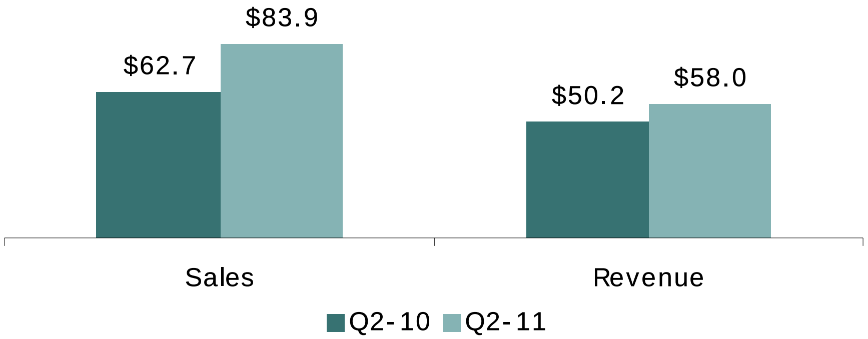
- Growth in electronic payment transaction volumes
- Consolidation creating large scale needs & inefficient platform redundancies
- Continued desire for cost reduction and increased productivity
- Need to expand fraud detection to unprotected channels
- Regulatory demands continue (e.g. Durbin, Swift)
- Search for new revenue sources (e.g. mobile)
- Globalization of industry players

Overall market drivers remain positive for ACI

Geographic Segment Results

Americas

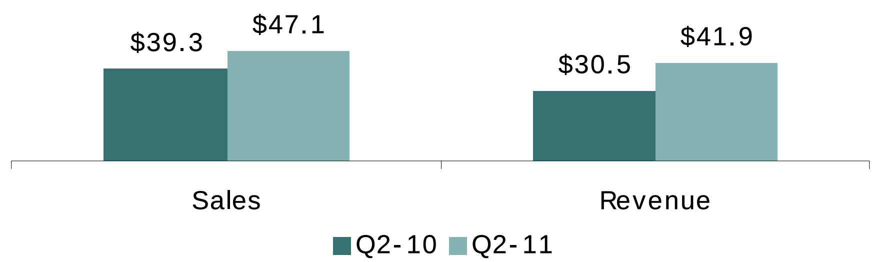
($ in millions)



- Sales increased 34% Y-o-Y
- Revenue increased 16% Y-o-Y, driven by sales mix and project completions
- Significant extension with Top 5 U.S bank
- Several key hosting deals, for both retail and wholesale solutions

EMEA

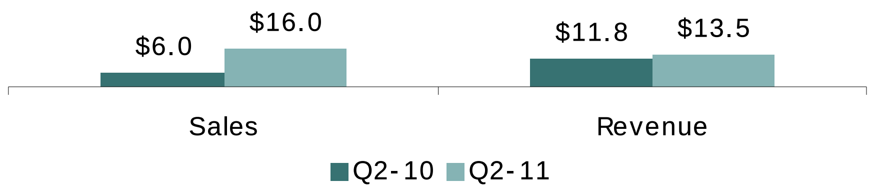
($ in millions)



- Sales increased 20% Y-o-Y
- Revenue increased 38% Y-o-Y
- Key wins in France, the UK, and central Europe
- Pipeline remains strong across the channel

Asia / Pacific

($ in millions)



- Sales increased 165% Y-o-Y, driven by key deals in Australia and India
- Revenue increased 15% Y-o-Y

Execution is Driving Results

- Refined organizational structure paying dividends
- Best Practices resulting in better discipline and quality of business
- Focus on cross-sell evident in results, including services and sales
- Pipeline remains strong

Financial Review

Key Takeaways from the Quarter

- **Strong sales growth**
  - Sales growth across all regions led to 36% increase in sales over prior-year quarter

- **60-month backlog growth of $27 million over March quarter, $74 million over YE 2010**

- **Strong revenue quarter**
  - Led by strong growth in recurring revenue, up $16.1 million, or 25%, over prior-year quarter
  - 91% of quarter's revenue, or $103.2 million, derived from backlog

- **Expense growth drivers**
  - Higher selling and marketing expense
  - Higher R&D expense to invest in accelerated product development

Key Takeaways from the Quarter (cont)

- **Strong growth in operating income**
  – Up $6.0 million over prior-year quarter
- **Strong growth in adjusted EBITDA**
  – Up $7.1 million over prior-year quarter
- **Lower effective tax rate**
  – Favorable impact of $2.2 million release of tax reserves

Backlog as a Contributor of Quarterly Revenue

Revenue			
Revenue	Qtr. Ended Jun. 11	Qtr. Ended Jun. 10	% Growth or Decline
Revenue from Backlog	$103,219	81,160	27.2%
Revenue from Sales	10,147	11,263	-9.9%
Total Revenue	**$113,366**	**$92,423**	**22.7%**
Revenue from Backlog	91%	88%	
Revenue from Sales	9%	12%	

- **Backlog from monthly recurring revenues and project go-lives continues to drive current quarter GAAP revenue, leading to predictable quarterly performance**

- **Consistent revenue from current quarter sales**

Raising 2011 Guidance

Key Metrics	2011 Low	2011 High
Revenue	$450	$460
Operating Income	$65	$69
Adjusted EBITDA	$101	$104

- First half year strength driving higher full year expectations
- Top-line revenue and expenses both trending higher due largely to FX impact
- Sales should fall in the mid- $500 million range

* Adjusted EBITDA = operating income + Depreciation and Amortization + non-cash compensation expense

Appendix

Historic Sales By Quarter 2010-2011

Quarter-End	Total Economic Value of Sales	Sales Mix by Category		
		New Accounts / New Applications	Add-on Business inc. Capacity Upgrades &	Term Extension
3/31/2010	$81,142	$5,758 7%	$35,066 43%	$40,318 50%
6/30/2010	$107,985	$1,224 1%	$68,474 63%	$38,287 35%
9/30/2010	$161,269	$11,290 7%	$89,364 55%	$60,615 38%
12/30/2010	$174,827	$43,988 25%	$59,622 34%	$71,217 41%
3/31/2011	$122,904	$11,757 10%	$52,243 43%	$58,904 48%
6/30/2011	$146,956	$19,730 13%	$54,174 37%	$73,052 50%

	Sales	New Accounts / New Applications	Add-on Business inc. Capacity Upgrades &	Term Extension
Jun. YTD 11	$269,860	$31,487	$106,417	$131,956
Jun. YTD 10	$189,127	$6,982	$103,540	$78,605
Variance	$80,734	$24,505	$2,877	$53,351

Total Sales By Channel, Type & Product

Total Sales			
Channel	Qtr. Ended Jun. 11	Qtr. Ended Jun. 10	% Growth or Decline
Americas	$83,897	$62,669	33.9%
EMEA	47,062	39,283	19.8%
Asia/Pacific	15,997	6,033	165.1%
Total Sales	$146,956	$107,985	36.1%

Sales Type			
Sales Type	Qtr. Ended Jun. 11	Qtr. Ended Jun. 10	% Growth or Decline
New Account / New Application	$19,730	$1,224	1512.4%
Add-on Business	54,174	68,474	-20.9%
Term Extension	73,052	38,287	90.8%
Total Sales	$146,956	$107,985	36.1%

Product Division			
Product Focus	Qtr. Ended Jun. 11	Qtr. Ended Jun. 10	% Growth or Decline
Initiate	14,472	14,072	2.8%
Manage	101,628	75,371	34.8%
Secure	2,720	5,124	-46.9%
Operate	28,137	13,418	109.7%
Total Sales	146,956	107,985	36.1%

Operating Free Cash Flow ($ millions)

	Quarter Ended June 30,	
	2011	2010
Net cash provided by operating activities	**$7.5**	**$3.5**
Adjustments:		
Net after-tax payments associated with IBM IT Outsourcing Transition	**0.2**	**-**
Less capital expenditures	**(6.1)**	**(2.4)**
Less Alliance technical enablement expenditures	**-**	**(1.3)**
Operating Free Cash Flow*	**$1.6**	**($0.2)**

*OFCF is defined as net cash provided (used) by operating activities, less net after-tax payments associated with IBM IT outsourcing transition, capital expenditures and plus or minus net proceeds from IBM.

60-Month Backlog ($ millions)

	Quarter Ended		
	June 30, 2011	March 31, 2011	June 30, 2010
Americas	**$907**	**$895**	**$860**
EMEA	**539**	**526**	**475**
Asia-Pacific	**194**	**192**	**176**
Backlog 60-Month	$1,640	$1,613	$1,511
Deferred Revenue	**$162**	**$175**	**$150**
Other	**1,478**	**1,438**	**1,361**
Backlog 60-Month	$1,640	$1,613	$1,511

Revenues by Channel ($ millions)

	Quarter Ended June 30,	
	2011	2010
Revenues:		
United States	$44.9	$38.0
Americas International	13.1	12.2
Americas	**$58.0**	**$50.2**
EMEA	**41.9**	**30.4**
Asia-Pacific	**13.5**	**11.8**
Revenues	**$113.4**	**$92.4**

Monthly Recurring Revenue ($ millions)

	Quarter Ended June 30,	
	2011	2010
Monthly Software License Fees	$31.4	$20.3
Maintenance Fees	35.6	34.2
Processing Services	14.1	10.5
Monthly Recurring Revenue	**$81.1**	**$65.0**

Deferred Revenue and Expense ($ millions)

	Quarter Ended			
	June 30, 2011	March 31, 2011	June 30, 2010	March 31, 2011
Short Term Deferred Revenue	**$131.7**	**$141.4**	**$113.3**	**$106.9**
Long Term Deferred Revenue	**30.0**	**33.2**	**37.1**	**37.3**
Total Deferred Revenue	$161.7	$174.6	$150.4	$144.2
Total Deferred Expense	$12.6	$12.0	$13.6	$12.9

Non-Cash Compensation, Acquisition Intangibles and Software

	Quarter ended June 30, 2011		Quarter ended June 30, 2010	
	EPS Impact*	$ in Millions	EPS Impact*	$ in Millions
Amortization of acquisition-related intangibles	$0.03	$1.1	$0.03	$1.0
Amortization of acquisition-related software	0.03	$1.0	0.03	$1.0
Non-cash equity-based compensation	0.04	$1.4	0.04	$1.2
Total:	**$0.10**	**$3.5**	**$0.10**	**$3.2**

* Tax Effected at 35%

Other Income / Expense ($ millions)

	Quarter Ended			
	June 30, 2011	March 31, 2011	June 30, 2010	March 31, 2010
Interest Income	**$0.2**	**$0.2**	**$0.1**	**$0.1**
Interest Expense	**($0.4)**	**($0.6)**	**($0.5)**	**($0.5)**
FX Gain / Loss	**$0.3**	**($0.2)**	**($1.7)**	**$0.1**
Interest Rate Swap Loss	**$0.0**	**$0.0**	**$0.0**	**($0.2)**
Other	**$0.0**	**($0.1)**	**$0.0**	**($0.1)**
Total Other Income (Expense)	$0.1	($0.7)	($2.1)	($0.6)

Adjusted EBITDA

	Quarter Ended June 30, 2011	Quarter Ended June 30, 2010
Net Income (Loss)	$9.8	($0.1)
Income tax expense	0.7	2.4
Net Interest Expense	0.2	0.4
Net Other Expense	(0.3)	1.7
Depreciation Expense	1.8	1.7
Amortization Expense	5.5	4.9
Non-Cash Compensation Expense	2.2	1.8
Adjusted EBITDA	**$19.9**	**$12.8**

Adjusted EBITDA is defined as net income plus income tax, net interest income (expense), net other income (expense), depreciation, amortization and non-cash compensation.

Non-GAAP Financial Measures

ACI is presenting operating free cash flow, which is defined as net cash provided (used) by operating activities, less net after-tax payments associated with employee related activities, net after-tax payments associated with IBM IT outsourcing transition, and capital expenditures and plus or minus net proceeds from IBM. Operating free cash flow is considered a non-GAAP financial measure as defined by SEC Regulation G. We utilize this non-GAAP financial measure, and believe it is useful to investors, as an indicator of cash flow available for debt repayment and other investing activities, such as capital investments and acquisitions. We utilize operating free cash flow as a further indicator of operating performance and for planning investing activities. Operating free cash flow should be considered in addition to, rather than as a substitute for, net cash provided (used) by operating activities. A limitation of operating free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. This measure also does not exclude mandatory debt service obligations and, therefore, does not represent the residual cash flow available for discretionary expenditures. We believe that operating free cash flow is useful to investors to provide disclosures of our operating results on the same basis as that used by our management.

Non-GAAP Financial Measures

ACI also includes backlog estimates which are all software license fees, maintenance fees and services specified in executed contracts, as well as revenues from assumed contract renewals to the extent that we believe recognition of the related revenue will occur within the corresponding backlog period. We have historically included assumed renewals in backlog estimates based upon automatic renewal provisions in the executed contract and our historic experience with customer renewal rates.

Backlog is considered a non-GAAP financial measure as defined by SEC Regulation G. Our 60-month backlog estimate represents expected revenues from existing customers using the following key assumptions:

- Maintenance fees are assumed to exist for the duration of the license term for those contracts in which the committed maintenance term is less than the committed license term.
- License and facilities management arrangements are assumed to renew at the end of their committed term at a rate consistent with our historical experiences.
- Non-recurring license arrangements are assumed to renew as recurring revenue streams.
- Foreign currency exchange rates are assumed to remain constant over the 60-month backlog period for those contracts stated in currencies other than the U.S. dollar.
- Our pricing policies and practices are assumed to remain constant over the 60-month backlog period.

Non-GAAP Financial Measures

Estimates of future financial results are inherently unreliable. Our backlog estimates require substantial judgment and are based on a number of assumptions as described above. These assumptions may turn out to be inaccurate or wrong, including for reasons outside of management's control. For example, our customers may attempt to renegotiate or terminate their contracts for a number of reasons, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location, or we may experience delays in the development or delivery of products or services specified in customer contracts which may cause the actual renewal rates and amounts to differ from historical experiences. Changes in foreign currency exchange rates may also impact the amount of revenue actually recognized in future periods. Accordingly, there can be no assurance that contracts included in backlog estimates will actually generate the specified revenues or that the actual revenues will be generated within the corresponding 60-month period.

Backlog should be considered in addition to, rather than as a substitute for, reported revenue and deferred revenue.

ACI also includes Adjusted EBITDA, which is defined as net income (loss) plus income tax expense, net interest income (expense), net other income (expense), depreciation and amortization and non-cash compensation. Adjusted EBITDA is considered a non-GAAP financial measure as defined by SEC Regulation G. Adjusted EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).

Non-GAAP Financial Measures

The presentation of these non-GAAP financial measures should be considered in addition to our 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.

Management generally compensates for limitations in the use of non-GAAP financial measures by relying on comparable GAAP financial measures and providing investors with a reconciliation of non-GAAP financial measures only in addition to and in conjunction with results presented in accordance with GAAP. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

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 “believes,” “ will,” “expects,” “anticipates,” “intends,” 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 presentation include, but are not limited to, statements regarding:

- Our belief that we have good visibility into the pipeline across all geographies leading us to raise our 2011 guidance; and that our pipeline remains strong;
- Expectations and assumptions relating to our emphasis on cross-selling to existing customers;
- Assumptions regarding overall market conditions, including expectations and assumptions relating to (i) growth in electronic payment transaction volumes, (ii) consolidation creating large scale needs and inefficient platform redundancies, (iii) cost reductions and increased productivity, and (iv) compliance with regulatory demands.
- Our belief that best practices are resulting in better discipline and quality of business;
- The company’s 12-month and 60-month backlog estimates and assumptions, our belief that backlog from monthly recurring revenues and project go-lives continue to drive current quarter GAAP revenue, leading to predictable quarterly performance; as well as consistent revenue from current quarter sales;
- Expectations regarding 2011 financial guidance related to revenue, operating income and adjusted EBITDA; and
- Expectations that sales should fall in the mid- $500 million range.

Forward-Looking Statements

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, risks related to the global financial crisis and the continuing decline in the global economy, restrictions and other financial covenants in our credit facility, volatility and disruption of the capital and credit markets and adverse changes in the global economy, the maturation of our current credit facility, the restatement of our financial statements, consolidations and failures in the financial services industry, the accuracy of management's backlog estimates, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue generating activity during the final weeks of each quarter, impairment of our goodwill or intangible assets, exposure to unknown tax liabilities, volatility in our stock price, risks from operating internationally, including fluctuations in currency exchange rates, increased competition, our offshore software development activities, customer reluctance to switch to a new vendor, the performance of our strategic product, BASE24-eps, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, demand for our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, business interruptions or failure of our information technology and communication systems, our alliance with International Business Machines Corporation ("IBM"), our outsourcing agreement with IBM, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, future acquisitions, strategic partnerships and investments and litigation. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K.

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www.aciworldwide.com