
**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): October 28, 2010 (October 28, 2010)

ACI WORLDWIDE, 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))
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Item 2.02. Results of Operation and Financial Condition.

On October 28, 2010, ACI Worldwide, Inc. ("the Company") issued a press release announcing its financial results for the three months ended September 30, 2010. A copy of this press release is attached hereto as Exhibit 99.1.

The foregoing information (including the exhibits hereto) is being furnished under "Item 2.02- Results of Operations and Financial Condition" and Item 7.01- Regulation FD Disclosure." Such information (including the exhibits 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 Items 2.02 and 7.01 do not mean that such information is material or that disclosure of such information is required.

Item 7.01. Regulation FD Disclosure.

See "Item 2.02- Results of Operations and Financial Condition" above.

Item 9.01. Financial Statements and Exhibits.

99.1 Press Release dated October 28, 2010

99.2 Investor presentation materials dated October 28, 2010

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.

ACI WORLDWIDE, INC.

/s/ Scott W. Behrens

Scott W. Behrens, Senior Vice President, Chief Financial Officer
and Chief Accounting Officer

Date: October 28, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated October 28, 2010
99.2	Investor presentation materials dated October 28, 2010



**ACI Worldwide, Inc. Reports Financial
Results for the Quarter Ended September 30, 2010**
ACI Reaffirms its Annual Guidance

OPERATING HIGHLIGHTS

- One of the largest sales quarters in ACI history with \$161.3 million in signed deals
- Achieved total revenue of \$97.0 million of which monthly recurring revenues comprised \$75.4 million, growth of \$12.5 million over prior-year quarter
- Operating Free Cash Flow growth of \$37.0 million driven by strong cash collections
- Signed first Global Account relationship deal with major international processor

	Quarter Ended		
	September 30, 2010	Better / (Worse) September 30, 2009	Better / (Worse) September 30, 2009
Revenue	\$97.0	\$(7.5)	(7)%
GAAP Operating Income	\$ 7.4	(4.5)	(38)%
Operating EBITDA	\$16.0	(3.9)	(20)%

(NEW YORK — October 28, 2010) — ACI Worldwide, Inc. (NASDAQ:ACIW), a leading international provider of payment systems, today announced financial results for the period ended September 30, 2010. We will hold a conference call on October 28, 2010, at 8:30 a.m. EDT to discuss this information. Interested persons may also access a real-time audio broadcast of the teleconference at www.aciworldwide.com/investors.

“ACI closed one of our most sizable sales quarters with the formalization of our first global account customer. We also saw business deriving from consistent monthly recurring revenue streams rise significantly over last year’s third quarter as the cumulative impact of renewing and signing ratable term business has begun to be reflected in our income statement. We anticipate a very strong fourth quarter as deals in backlog move into current period GAAP revenue,” said Chief Executive Officer Philip Heasley.

FINANCIAL SUMMARY

Sales

Sales bookings in the quarter totaled \$161.3 million which was an increase of \$64.9 million or 67%, as compared to the September 2009 quarter. The stronger quarter was driven by a new global account signing with First Data Corporation, a large UK bank capacity sale, a new Middle Eastern wholesale customer, renewals and retail sales across all geographic channels. Notable changes in the mix of sales included a rise of \$38.6 million in term extension sales as well as growth of \$26.2 million in add-on business compared to the prior-year quarter.

Revenues

Revenue was \$97.0 million in the quarter ended September 30, 2010, a reduction of \$7.5 million over the prior-year quarter revenues. The decrease in revenue over prior-year quarter reflects a decline of \$2.6 million in software license fees as well as a \$5.4 million decrease in implementations services revenue. The decrease in revenue is due to fewer significant project go-live events versus prior-year quarter. Deferred revenue increased \$35.1 million over the prior-year quarter.

Backlog

As of September 30, 2010, our estimated 60-month backlog was \$1.597 billion, an increase of \$82 million as compared to \$1.515 billion at June 30, 2010. The increase was primarily attributable to strong sales net of term extensions. As of September 30, 2010, our 12-month backlog was \$397 million, an increase of \$23 million as compared to \$374 million for the quarter ended June 30, 2010.

Operating Expenses

Operating expenses were \$89.6 million in the September 2010 quarter compared to \$92.5 million in the September 2009 quarter, an improvement of \$2.9 million or 3%. Operating expense improvement was led principally by a decrease in personnel and related costs.

Liquidity

We had \$143.9 million in cash on hand at September 30, 2010. Cash on hand increased \$26.1 million as compared to June 30, 2010 primarily as a result of strong cash

collections. As of September 30, 2010, we also had \$75.0 million in unused borrowings under our credit facility.

Operating Free Cash Flow

Operating free cash flow ("OFCF") for the quarter was \$26.6 million as compared to \$(10.4) million for the September 2009 quarter. The increase in our operating free cash flow reflects timing and volume of accounts receivable collections year-over-year.

Operating Income

Operating income was \$7.4 million in the September 2010 quarter, a reduction of approximately \$4.5 million as compared to operating income of \$11.9 million in the September 2009 quarter.

Other Expense

Other expense for the quarter was \$1.8 million, compared to other expense of \$0.4 million in the September 2009 quarter. The increase in other expense versus the prior-year quarter resulted primarily from a \$2.5 million negative variance in foreign exchange losses partially offset by a positive variance of \$0.6 million related to improvement in the fair value of the interest rate swap. The swap expired in October 2010.

Taxes

Income tax expense in the quarter was \$3.3 million due to losses in tax jurisdictions for which we received no tax benefit offset by income in tax jurisdictions in which we accrued tax expense. Furthermore, as mentioned in previous quarters, the company continues to incur a fixed amortization charge of \$0.6 million per quarter related to the transfer of intellectual property outside the United States.

Net Income and Diluted Earnings Per Share

Net income for the quarter was \$2.3 million, compared to net income of \$7.8 million during the same period last year.

Earnings per share for the quarter ended September 2010 was \$0.07 per diluted share compared to \$0.23 per diluted share during the same period last year.

Weighted Average Shares Outstanding

Total diluted weighted average shares outstanding were 33.5 million for the quarter ended September 30, 2010 as compared to 34.2 million shares outstanding for the quarter ended September 30, 2009.

Re-affirmation of Guidance

We do not presently anticipate changes to our annual guidance based upon what we are seeing in our business markets to date. Hence, guidance remains as indicated on February 25, 2010 with the calendar year guidance as follows: GAAP Revenue to achieve a range of \$418-428 million, GAAP Operating Income of \$48-50 million and Operating EBITDA of \$83-86 million. However, we do expect to achieve revenue rise of 3% over prior-year revenue of \$405.8 million and anticipate achievement of the high end of the operating income and Operating EBITDA ranges.

Preliminary 2011 Outlook

We anticipate sales growth consistent with the current year in the high \$400 million range. Backlog is expected to grow in high single digits and Operating Free Cash Flow is anticipated to rise approximately 20% over current year.

Our preliminary 2011 expectations include GAAP Revenue growth in the mid-single digits, Operating Income growth in the 20% range over this year, and Operating EBITDA growth in the mid-teens.

-End-

About ACI Worldwide

ACI Worldwide powers electronic payments for more than 750 financial institutions, retailers and processors around the world. The company has the broadest, most integrated suite of electronic payment software in the market. More than 75 billion times each year, ACI's solutions process consumer payments. On an average day, ACI software manages more than US\$12 trillion in wholesale payments. And for more than 150 organizations worldwide, ACI software helps to protect their customers from financial crime. To learn more about ACI and understand why we are trusted globally, please visit www.aciworldwide.com. You can also find us on www.paymentsinsights.com or on Twitter @ACI_Worldwide.

For more information contact:

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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 actions, net after-tax payments associated with IBM IT outsourcing transition and severance, 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. We also believe that this measure can assist investors in comparing our performance to that of other companies on a consistent basis without regard to certain items, which do not directly affect our ongoing cash flow.

Reconciliation of Operating Free Cash Flow

(millions)	Quarter Ended September 30,	
	2010	2009
Net cash provided by operating activities	\$32.0	\$ (8.0)
Net after-tax payments associated with employee-related actions	—	0.3
Net after-tax payments associated with IBM IT Outsourcing		
Transition and Severance	0.2	0.3
Less capital expenditures	(4.2)	(0.7)
Less alliance technical enablement expenditures	(1.4)	(2.3)
Operating Free Cash Flow	\$26.6	\$(10.4)

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.

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 Operating EBITDA, which is defined as operating income (loss) plus depreciation, amortization and non-cash compensation. Operating EBITDA is considered a non-GAAP financial measure as defined by SEC Regulation G. Operating EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).

Operating EBITDA

(millions)	Quarter Ended September 30,	
	2010	2009
Operating income	\$ 7.4	\$11.9
Depreciation expense	1.8	1.6
Amortization expense	4.9	4.4
Non-cash compensation expense	1.9	2.0
Operating EBITDA	\$16.0	\$19.9

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 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 "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 press release include, but are not limited to, statements regarding: (i) our belief that we are deriving consistent monthly recurring revenue streams as the cumulative impact of renewing and signing ratable term business has begun to be reflected in our income statement, (ii) expectations and assumptions regarding the strength of the fourth quarter and whether deals will move from backlog into current period GAAP revenue, (iii) our 12-month and 60-month backlog estimates and assumptions, (iv) expectations and assumptions regarding 2010 financial guidance related to GAAP revenue, GAAP operating income, operating EBITDA, including (a) our belief that we will achieve revenue rise of 3% over the prior-year revenue of \$405.8 million, and (b) expectations regarding achievement of the high-end of the operating income and operating EBITDA ranges, and (v) expectations and assumptions regarding our preliminary 2011 outlook, including expectations related to (a) sales growth consistent with 2010 in the high \$400 million range, (b) backlog growth in the high single digits, (c) operating free cash flow rising approximately 20% over 2010, (d) GAAP revenue growth in the mid-single digits, (e) operating income growth in the 20% range over 2010, and (f) operating EBITDA growth in the mid-teens.

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, restrictions and other financial covenants in our credit facility, volatility and disruption of the capital and credit markets, our restructuring efforts, the restatement of our financial statements, consolidation in the financial services industry, changes in the banking and financial services industry, the accuracy of backlog estimates, the cyclical nature of our revenue and earnings, 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, the performance of our strategic product, BASE24-eps, the maturity of certain products and 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 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 governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property and technology and the risk of increasing litigation related to intellectual property rights, future acquisitions 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.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands, except share and per share amounts)

	September 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 143,902	\$ 125,917
Billed receivables, net of allowances of \$2,892 and \$2,732, respectively	71,325	98,915
Accrued receivables	9,163	9,468
Deferred income taxes, net	17,682	17,459
Recoverable income taxes	1,524	—
Prepaid expenses	12,580	12,079
Other current assets	12,332	10,224
Total current assets	<u>268,508</u>	<u>274,062</u>
Property and equipment, net	18,099	17,570
Software, net	26,462	30,037
Goodwill	204,615	204,850
Other intangible assets, net	22,130	26,906
Deferred income taxes, net	29,608	26,024
Other noncurrent assets	11,971	10,594
TOTAL ASSETS	<u>\$ 581,393</u>	<u>\$ 590,043</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 7,364	\$ 17,591
Accrued employee compensation	26,236	24,492
Deferred revenue	131,501	106,349
Income taxes payable	604	10,681
Alliance agreement liability	4,243	10,507
Note payable under credit facility	75,000	—
Accrued and other current liabilities	26,058	25,780
Total current liabilities	<u>271,006</u>	<u>195,400</u>
Deferred revenue	35,725	31,533
Note payable under credit facility	—	75,000
Alliance agreement noncurrent liability	20,667	21,980
Other noncurrent liabilities	27,282	30,067
Total liabilities	<u>354,680</u>	<u>353,980</u>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at September 30, 2010 and December 31, 2009	—	—
Common stock, \$0.005 par value; 70,000,000 shares authorized; 40,821,516 shares issued at September 30, 2010 and December 31, 2009	204	204
Common stock warrants	24,003	24,003
Treasury stock, at cost, 7,614,545 and 6,784,932 shares outstanding at September 30, 2010 and December 31, 2009, respectively	(173,164)	(158,652)
Additional paid-in capital	311,274	307,279
Retained earnings	78,191	78,094
Accumulated other comprehensive loss	(13,795)	(14,865)
Total stockholders' equity	<u>226,713</u>	<u>236,063</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 581,393</u>	<u>\$ 590,043</u>

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

	Three Months Ended September 30,	
	2010	2009
Revenues:		
Software license fees	\$ 37,804	\$ 40,396
Maintenance fees	32,480	33,314
Services	15,439	20,813
Software hosting fees	11,294	9,938
Total revenues	97,017	104,461
Expenses:		
Cost of software license fees (1)	3,088	3,936
Cost of maintenance, services, and hosting fees (1)	28,956	27,959
Research and development	18,165	20,071
Selling and marketing	17,933	14,911
General and administrative	16,341	21,064
Depreciation and amortization	5,146	4,577
Total expenses	89,629	92,518
Operating income	7,388	11,943
Other income (expense):		
Interest income	185	117
Interest expense	(418)	(488)
Other, net	(1,556)	16
Total other income (expense)	(1,789)	(355)
Income before income taxes	5,599	11,588
Income tax expense	3,263	3,829
Net income	\$ 2,336	\$ 7,759
Income per share information		
Weighted average shares outstanding		
Basic	33,244	34,012
Diluted	33,480	34,170
Income per share		
Basic	\$ 0.07	\$ 0.23
Diluted	\$ 0.07	\$ 0.23

(1) The cost of software license fees excludes charges for depreciation but includes amortization of purchased and developed software for resale. The cost of maintenance, services, and hosting fees excludes charges for depreciation.


ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	For the Three Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 2,336	\$ 7,759
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation	1,777	1,616
Amortization	4,875	4,391
Tax expense of intellectual property shift	550	550
Deferred income taxes	(4,439)	(5,391)
Stock-based compensation expense	1,857	2,026
Tax benefit of stock options exercised	64	8
Other	121	760
Changes in operating assets and liabilities, net:		
Billed and accrued receivables, net	6,667	(13,096)
Other current assets	922	1,617
Other non-current assets	(1,958)	(834)
Accounts payable	(3,773)	(4,194)
Accrued employee compensation	5,932	4,294
Accrued liabilities	393	(2,457)
Current income taxes	3,968	4,869
Deferred revenue	13,141	(8,455)
Other current and noncurrent liabilities	(398)	(1,483)
Net cash flows from operating activities	<u>32,035</u>	<u>(8,020)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,751)	(743)
Purchases of software and distribution rights	(2,449)	(6)
Alliance technical enablement expenditures	(1,368)	(2,347)
Payments of earn-out obligations	—	(473)
Net cash flows from investing activities	<u>(5,568)</u>	<u>(3,569)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	329	321
Proceeds from exercises of stock options	416	147
Excess tax benefit of stock options exercised	49	24
Purchases of common stock	(2,959)	(277)
Purchases of restricted stock for tax withholdings	(262)	—
Payments on debt and capital leases	(590)	(383)
Distributions to minority interest holder	(1,232)	—
Net cash flows from financing activities	<u>(4,249)</u>	<u>(168)</u>
Effect of exchange rate fluctuations on cash	3,927	340
Net increase (decrease) in cash and cash equivalents	26,145	(11,417)
Cash and cash equivalents, beginning of period	117,757	114,403
Cash and cash equivalents, end of period	<u>\$143,902</u>	<u>\$102,986</u>



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

/ trusted globally

 **September 30, 2010 Quarterly Results Presentation**
October 28, 2010

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

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- Strong sales led by First Data Corporation global account signing
- Significant rise in recurring revenue
- Strong Operating Free Cash Flow generation
- Continued expense management
- Good visibility into Q4 revenue attainment
- Tracking to full year guidance

ACI's customer base spans 90 countries on six continents.



Business Overview

Louis Blatt
Chief Product Officer

Ralph Dangelmaier
President, Global Markets

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First Data Corporation signed a global account signalling that ACI is its go-forward software technology platform internationally

For FDC the transaction brings them same feature/function opportunity across borders

- Eliminates multiplicity of technology platforms and inefficiencies as they consolidate onto BASE24-eps® over time

For ACI it represents centralization of account management as well as embedding ourselves within FDC infrastructure as a more meaningful partner

- Anticipate more services opportunities as FDC consolidates platforms and reduces redundancies
- Expands footprint of several solution suites in the ACI Agile Payments Solution™ as FDC now has enterprise license

Q3 characterized by sales expansion in both renewals and add-on products



Total sales increase of 67% led by sales net of term growth of 35%

- Consolidation and Global Account approach result in ACI footprint expansion
 - New BASE24-eps® license with Spanish bank
 - Large capacity deal driven by U.K. bank consolidation
- New customer sales as well as renewals with add-on sales
 - Significant new U.S. ACI Enterprise Banker™ customer
 - Major Canadian consortium switch renewal added enhanced support
 - Large New Zealand bank renewal with add-ons
 - Significant new Middle East ACI Money Transfer System™ customer
 - Strong renewals in merchant retail (four renewals)
 - Thai and Singaporean BASE24® renewals with regional banks

Sales Net of Term Extensions			
Channel	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Americas	43,881	48,749	-10%
EMEA	47,531	21,550	121%
Asia-Pacific	9,242	4,034	129%
Total Sales (Net of Term Ext.)	100,654	74,333	35%

Product Division			
Product Focus	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Initiate	9,857	7,000	41%
Manage	117,617	63,817	84%
Secure	6,639	7,339	-10%
Operate	27,156	18,204	49%
Total Sales	161,269	96,360	67%

Sales Type			
Sales Type	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
New Account	7,394	5,435	36%
New Application	3,895	5,729	-32%
Add-on Business	89,364	63,168	41%
Term Extension	60,615	22,028	175%
Total Sales	161,269	96,360	67%

Payments market continues to be strong

- Continued need for efficiencies is driving consolidation & investment in payments infrastructure
- ACI's integrated solutions set positions us strongly to deliver efficiencies

U.S. Regulatory pressures and changes

- Dodd-Frank Wall Street Reform and Consumer Protection Act
- Durbin Amendment specifically addresses Interchange fees
- New regulation will require implementation of new services and charges and better fraud control
- Increased fraud loss rates could lead the U.S. to adopt PIN debit, EMV and "chip & pin" models

What are some potential effects of the Durbin Amendment on ACI?

- The flexibility of our solutions enable customers to handle these changes
- Strong presence in PIN debit creates upside revenue opportunity
- Weak presence in signature debit means drop in signature debit doesn't negatively effect ACI
- Movements to adopt EMV create opportunity for ACI

*ACI wholesale payments solutions
process more than \$12 trillion each
day.*

 **Financial Review**

Scott Behrens
Chief Financial Officer

/ trusted globally

Strong growth in recurring revenue

- Up \$12.5 million, or 20%, over prior-year quarter
- Overall revenue decreased \$7.5 million, largely due to lower capacity revenue and fewer go-live events compared to prior-year quarter

Strong sales growth

- Up \$65 million, or 67%, over prior-year quarter
- Led by signing of large global accounts deal with FDC
- Strong growth in sales, net of term extensions, in EMEA and Asia-Pacific regions

Strong growth in backlog

- 60-month backlog increased \$82 million during quarter
- 12-month backlog increased \$23 million during quarter
- Led by strong sales, net of term extensions

Very strong Operating Free Cash Flow of \$26.6 million

- Up \$37 million over prior-year quarter
- Led by strong cash receipts from accounts receivable collections and continued disciplined management of cash expenses

FX loss of \$1.5 million impacted other income/expense compared to an FX gain of \$1.1 million in prior-year quarter

Interest rate swap was essentially neutral and has expired as of October 2010

Stock repurchases of \$3.0 million in the quarter, YTD repurchase total of \$18.6 million

Revenue			
Revenue	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Revenue from Backlog	85,565	89,232	-4%
Revenue from Sales	11,452	15,229	-25%
Total Revenue	97,017	104,461	-7%
Revenue from Backlog	88%	85%	
Revenue from Sales	12%	15%	

Backlog contributes approximately 90% of quarterly revenue

We expect backlog to contribute a similar percentage of Q4 revenue led by recurring revenue, annual license fees and go-live events

Key Metrics	2009 Actuals	2010 Growth Range	2010 Low	2010 High
Revenue	\$405.8	3-5%	\$418	\$428
Operating Income	\$41.6	15-20%	\$48	\$50
Operating EBITDA	\$72.9	14-18%	\$83	\$86

Revenue and operating income within our range

- Anticipate revenue will grow closer to 3% over 2009 revenue of \$405.8 million.
- Top-line revenue impacted by FX of approximately \$5 million
- Operating income & Operating EBITDA expected at the high end of range

Expect sales for the year in \$470-\$490 million range

Operating Free Cash Flow coming in higher than initially expected

Sales to be consistent with this year in the high \$400s million

Revenue to grow in mid-single digits

Backlog to grow in high-single digits

Operating income in the 20% growth range

Operating EBITDA growth in the mid-teens range over 2010

Cash growth consistent with operating income growth

*ACI's risk management software
protects more than 2,500 financial
institutions worldwide.*

 Appendix

 trusted globally

Historic Sales By Quarter 2009-2010



Quarter-End	Total Economic Value of Sales	Sales Mix by Category			
		New Accounts	New Applications	Add-on Business inc. Capacity Upgrades & Services	Term Extentions
3/31/2009	\$60,802	\$9,719 16%	\$8,963 15%	\$33,616 55%	\$8,504 14%
6/30/2009	\$97,328	\$12,053 12%	\$4,897 5%	\$36,453 37%	\$43,925 45%
9/30/2009	\$96,360	\$5,435 6%	\$5,729 6%	\$63,168 66%	\$22,028 23%
12/31/2009	\$170,095	\$9,688	\$18,360	\$84,579	\$57,467
3/31/2010	\$81,142	\$5,681	\$77	\$35,066	\$40,318
6/30/2010	\$107,985	7% \$554	0% \$669	43% \$68,474	50% \$38,287
9/30/2010	\$161,269	1% \$7,394 5%	1% \$3,895 2%	63% \$89,364 55%	35% \$60,615 38%
	Sales	New Accounts	New Applications	Add-on Business inc. Capacity Upgrades & Services	Term Extentions
Sept. YTD 10	\$350,395	\$13,630	\$4,642	\$192,904	\$139,220
Sept. YTD 09	\$254,490	\$27,207	\$19,590	\$133,237	\$74,456
Variance	\$95,905	(\$13,578)	(\$14,949)	\$59,667	\$64,764

Q3 Channel Sales Results

Sales Net of Term Extensions			
Channel	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Americas	43,881	48,749	-10%
EMEA	47,531	21,550	121%
Asia-Pacific	9,242	4,034	129%
Total Sales (Net of Term Ext.)	100,654	74,333	35%

Term Extension Sales			
Channel	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Americas	33,946	16,760	103%
EMEA	21,331	1,782	1097%
Asia-Pacific	5,339	3,485	53%
Term Extension Sales	60,615	22,028	175%

Total Sales			
Channel	Qtr. Ended Sept. 10	Qtr. Ended Sept. 09	% Growth or Decline
Americas	77,827	65,509	19%
EMEA	68,861	23,332	195%
Asia-Pacific	14,581	7,519	94%
Total Sales	161,269	96,360	67%

Operating Free Cash Flow (\$ millions)



	Quarter Ended September 30,	
	2010	2009
Net cash provided by operating activities	\$32.0	\$(8.0)
Adjustments:		
Net after-tax payments associated with employee-related actions	-	0.3
Net after-tax payments associated with IBM IT Outsourcing Transition and Severance	0.2	0.3
Less capital expenditures	(4.2)	(0.7)
Less Alliance technical enablement expenditures	(1.4)	(2.3)
Operating Free Cash Flow*	\$26.6	\$(10.4)

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

60-Month Backlog (\$ millions)



	Quarter Ended		
	September 30, 2010	June 30, 2010	December 31, 2009
Americas	\$893	\$864	\$850
EMEA	525	475	510
Asia/Pacific	179	176	157
Backlog 60-Month	\$1,597	\$1,515	\$1,517
Deferred Revenue	\$167	\$150	\$138
Other	1,430	1,365	1,379
Backlog 60-Month	\$1,597	\$1,515	\$1,517

Revenues by Channel (\$ millions)



	Quarter Ended September 30,	
	2010	2009
Revenues:		
United States	\$37.0	\$ 46.2
Americas International	12.9	12.5
Americas	\$49.9	\$58.7
EMEA	35.1	35.2
Asia/Pacific	12.0	10.6
Revenues	\$97.0	\$104.5

Monthly Recurring Revenue (\$ millions)



	Quarter Ended September 30,	
	2010	2009
Monthly Software License Fees	\$29.2	\$19.2
Maintenance Fees	32.5	33.3
Processing Services	13.7	10.4
Monthly Recurring Revenue	\$75.4	\$62.9

Deferred Revenue and Expense (\$ millions)



	Quarter Ended			
	September 30, 2010	June 30, 2010	September 30, 2009	June 30, 2009
Short Term Deferred Revenue	\$131.5	\$113.3	\$103.4	\$107.7
Long Term Deferred Revenue	35.7	37.1	28.7	32.4
Total Deferred Revenue	\$167.2	\$150.4	\$132.1	\$140.1
Total Deferred Expense	\$14.6	\$13.6	\$13.0	\$13.9

	Quarter ended September 30, 2010		Quarter ended September 30, 2009	
	EPS Impact*	\$ in Millions	EPS Impact*	\$ in Millions
Amortization of acquisition-related intangibles	\$0.03	\$1.0	\$0.03	\$1.0
Amortization of acquisition-related software	\$0.03	\$1.0	\$0.03	\$0.9
Non-cash equity-based compensation	\$0.04	\$1.2	\$0.04	\$1.3
Total:	\$0.10	\$3.2	\$0.10	\$3.2

* Tax Effected at 35%

Other Income / Expense (\$ millions)



	Quarter Ended			
	September 30, 2010	June 30, 2010	September 30, 2009	June 30, 2009
Interest Income	\$0.2	\$0.1	\$0.1	\$0.4
Interest Expense	(\$0.4)	(\$0.5)	(\$0.5)	(\$0.5)
FX Gain / Loss	(\$1.5)	(\$1.7)	\$1.1	(\$4.3)
Interest Rate Swap Loss	\$0.0	\$0.0	(\$0.7)	(\$0.3)
Other	(\$0.1)	\$0.0	(\$0.4)	\$1.0
Total Other Income (Expense)	(\$1.8)	(\$2.1)	(\$0.4)	(\$3.7)

Operating EBITDA



	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
Operating Income	\$7.4	\$11.9
Depreciation Expense	1.8	1.6
Amortization Expense	4.9	4.4
Non-Cash Compensation Expense	1.9	2.0
Operating EBITDA	\$16.0	\$19.9

Operating EBITDA is defined as operating income/(loss) plus depreciation, amortization and non-cash compensation.

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 severance, 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. We also believe that this measure can assist investors in comparing our performance to that of other companies on a consistent basis without regard to certain items, which do not directly affect our ongoing cash flow.

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.

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 Operating EBITDA, which is defined as operating income (loss) plus depreciation and amortization and non-cash compensation. Operating EBITDA is considered a non-GAAP financial measure as defined by SEC Regulation G. Operating EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).

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.

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 visibility into Q4 attainment and our belief that we are tracking to full year guidance;
- Expectations regarding our global account with First Data Corporation including expectations and assumptions related to (i) ACI being the go-forward software technology platform for FDC internationally, and (ii) product and services expansion opportunities within FDC;
- Our beliefs related to the continued strength of the payments market including (i) our belief that the continued need for efficiencies will drive consolidation and investment in the payments infrastructure, and (ii) assumptions regarding the ability of our integrated solutions to position us strongly to deliver efficiencies;
- Expectations and assumptions related to the impact of new regulations such as the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Durbin Amendment, including expectations regarding (i) the flexibility of our solutions and the ability of our solutions to handle regulatory changes, (ii) upside revenue opportunity related to PIN debit, (iii) the lack of any negative effect on us resulting from a drop in signature debit, and (iv) opportunity for us resulting from any movements to adopt EMV;
- The company's 12-month and 60-month backlog estimates and assumptions, including our expectations that backlog will continue to contribute approximately 90% to quarterly revenue in Q4 led by recurring revenue, annual license fees and go-live events;
- Expectations regarding 2010 financial guidance related to GAAP revenue, GAAP operating income, operating EBITDA including expectations that (i) revenue will grow closer to 3% over 2009 revenue of \$405.8 million, and (ii) operating income and operating EBITDA will fall at the high end of the range;
- Expectations and assumptions regarding other factors impacting our 2010 financial guidance, including (i) our belief that top-line revenue will be impacted by FX of approximately \$5 million, (ii) expectations that sales for the year will be in the \$470-\$490 million range, and (iii) our belief that operating free cash flow will come in higher than initially expected; and
- Expectations and assumptions related to our preliminary 2011 outlook, including expectations regarding (i) consistency of sales with 2010 in the high \$400 millions, (ii) revenue growth in the mid-single digits, (iii) backlog growth in the high-single digits, (iv) operating income in the 20% growth range, (v) operating EBITDA growth in the mid-teens range over 2010, and (vi) cash growth consistent with operating income growth.

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, restrictions and other financial covenants in our credit facility, volatility and disruption of the capital and credit markets, our restructuring efforts, the restatement of our financial statements, consolidation in the financial services industry, changes in the banking and financial services industry, the accuracy of backlog estimates, the cyclical nature of our revenue and earnings, 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, the performance of our strategic product, BASE24-eps, the maturity of certain products and 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 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 governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property and technology and the risk of increasing litigation related to intellectual property rights, future acquisitions 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.

ACI's software underpins electronic payments throughout retail and wholesale banking, and commerce all the time, without fail.

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