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

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
Commission File Number 0-25346

ACI WORLDWIDE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-0772104**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
120 Broadway, Suite 3350 **New York, New York 10271**	**(646) 348-6700**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.005 par value, NASDAQ Global Select Market
Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

The aggregate market value of the Company's voting common stock held by non-affiliates of the registrant on June 30, 2009 (the last business day of the registrant's most recently completed second fiscal quarter), based upon the last sale price of the common stock on that date of $13.96 was $467,151,088. For purposes of this calculation, executive officers, directors and holders of 10% or more of the outstanding shares of the registrant's common stock are deemed to be affiliates of the registrant and are excluded from the calculation.

As of February 25, 2010, there were 34,036,624 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference — Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on June 10, 2010, are incorporated by reference in Part III of this report. This registrant's Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

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Forward-Looking Statements

This report 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, as amended.

Forward-looking statements in this report include, but are not limited to, statements regarding future operations, business strategy, business environment and key trends, as well as statements related to expected financial and other benefits from our organizational restructuring activities. Many of these factors will be important in determining our actual future results. Any or all of the forward-looking statements in this report may turn out to be incorrect. They may be based on inaccurate assumptions or may not account for known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from those expressed or implied in any forward-looking statements, and our business, financial condition and results of operations could be materially and adversely affected. In addition, we disclaim any obligation to update any forward-looking statements after the date of this report, except as required by law.

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 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, 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 governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, future acquisitions and investments and litigation. The cautionary statements in this report expressly qualify all of our forward-looking statements. Factors that could cause actual results to differ from those expressed or implied in the forward-looking statements include, but are not limited to, those discussed in Item 1A in the section entitled “Risk Factors”.

Trademarks and Service Marks

ACI, the ACI logo, BASE24-eps, BASE24, OpeN/2, among others, are registered trademarks and/or registered service marks of ACI Worldwide, Inc., or one of its subsidiaries, in the United States and/or other countries. ACI Enterprise Banker, ACI Global Banker, ACI Retail Commerce Server, AS/X, ACI Issuer, ACI Acquirer, ACI Interchange, ACI Token Management, ACI Payments Manager, ACI Card Management System, ACI Smart Chip Manager, ACI Dispute Management System, ACI Simulation Services for Enterprise Testing or ASSET, ACI Money Transfer System, NET24, ACI Proactive Risk Manager, PRM, ACI Automated Case Management System, ACI Communication Services, ACI Enterprise Security Services, ACI Web Access Services, ACI Monitoring and Management and ACI DataWise, among others, have pending registrations or are common-law trademarks and/or service marks of ACI Worldwide, Inc., or one of its subsidiaries, in the United States and/or other countries. Other parties’ marks referred to in this report are the property of their respective owners.

PART I

ITEM 1. *BUSINESS*

General

ACI Worldwide, Inc., a Delaware corporation, and our subsidiaries (collectively referred to as "ACI", "ACI Worldwide", the "Company," "we," "us" or "our") develop, market, install and support a broad line of software products and services primarily focused on facilitating electronic payments. In addition to our own products, we distribute, or act as a sales agent for, software developed by third parties. These products and services are used principally by financial institutions, retailers and electronic payment processors, both in domestic and international markets. Most of our products are sold and supported through distribution networks covering three geographic regions — the Americas, Europe/Middle East/Africa ("EMEA") and Asia/Pacific. Each distribution network has its own sales force that it supplements with independent reseller and/or distributor networks. Our products are marketed under the ACI Worldwide brand.

The electronic payments market is comprised of financial institutions, retailers, third-party electronic payment processors, payment associations, switch interchanges and a wide range of transaction-generating endpoints, including automated teller machines ("ATM"), retail merchant locations, bank branches, mobile phones, corporations and Internet commerce sites. The authentication, authorization, switching, settlement and reconciliation of electronic payments is a complex activity due to the large number of locations and variety of sources from which transactions can be generated, the large number of participants in the market, high transaction volumes, geographically dispersed networks, differing types of authorization, and varied reporting requirements. These activities are typically performed online and are often conducted 24 hours a day, seven days a week.

ACI Worldwide, Inc. was formed as a Delaware corporation in November 1993 under the name ACI Holding, Inc. and is largely the successor to Applied Communications, Inc. and Applied Communications Inc. Limited, which we acquired from Tandem Computers Incorporated on December 31, 1993.

On July 24, 2007, our stockholders approved the adoption of an Amended and Restated Certificate of Incorporation to change our corporate name from "Transaction Systems Architects, Inc." to "ACI Worldwide, Inc.". We have been marketing our products and services under the ACI Worldwide brand since 1993 and have gained significant market recognition under this brand name.

On February 23, 2007, our Board of Directors approved a change in the Company's fiscal year from a September 30 fiscal year-end to a December 31 fiscal year-end, effective as of January 1, 2008 for the year ended December 31, 2008. In accordance with applicable Securities and Exchange Commission ("SEC") rules and regulations, we filed a Transition Report on Form 10-Q for the transition period from October 1, 2007 to December 31, 2007, with the SEC on February 19, 2008. Accordingly, the consolidated financial statements included herein present our financial position as of December 31, 2009 and 2008, and the results of our operations, cash flows and changes in stockholders' equity for the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007.

Acquisitions

On February 7, 2007, we acquired Visual Web Solutions, Inc. ("Visual Web"), a provider of international trade finance and web-based cash management solutions, primarily to financial institutions in the Asia/Pacific region. These solutions complement and have been integrated with our U.S.-centric cash management and online banking solutions to create a more complete international offering. Visual Web had wholly-owned subsidiaries in Singapore for sales and customer support and in Bangalore, India for product development and services.

The aggregate purchase price of Visual Web, including direct costs of the acquisition, was $8.3 million, net of $1.1 million of cash acquired. Under the terms of the acquisition, the parties established a cash escrow arrangement in which $1.1 million of the cash consideration paid at closing is held in escrow as security for tax and other contingencies.

On April 2, 2007, we acquired Stratasoft Sdn Bhd ("Stratasoft"), a provider of electronic payment solutions in Malaysia. This acquisition complements our strategy to move to a direct sales model in selected markets in Asia. The aggregate purchase price of Stratasoft, including direct costs of the acquisition, was $2.5 million, net of $0.7 million of cash acquired. During the year ended December 31, 2009, we paid an additional amount of $0.5 million to the sellers as Stratasoft achieved certain financial targets set forth in the purchase agreement for the period ended December 31, 2008.

On November 17, 2009, the Company acquired certain intellectual property, trade names, customer contracts and working capital of Euronet Essentis Limited ("Essentis"), a division of Euronet Worldwide, Inc. Essentis, based in Watford, England, is a provider of card issuing and merchant acquiring solutions around the world. The aggregate purchase price of Essentis was 3.9 million British pounds sterling (approximately $6.6 million).

Assets of Businesses Transferred Under Contractual Arrangements

On September 29, 2006, we entered into an agreement whereby certain assets and liabilities related to our MessagingDirect business and WorkPoint product line were legally conveyed to an unrelated party for a total selling price of $3.0 million to be paid in annual installments through 2010. The note receivable was not recorded due to uncertainty of collection. As of December 31, 2008, the remaining unpaid balance of the note receivable was $1.5 million. During the year ended December 31, 2009, we sold our right to further payments on the note receivable to a third-party for $1.0 million, which was recorded as a pretax gain. See Note 16, "Assets of Businesses Transferred Under Contractual Arrangements", in the Notes to Consolidated Financial Statements for further detail.

Products

Our software products perform a wide range of functions designed to facilitate electronic payments. Generally, our products address three primary market segments:

- Retail banking, including debit and credit card issuers
- Wholesale banking, including corporate cash management and treasury management operations
- Retailers

In addition, we market our solutions to third-party electronic payment processors, who serve all three of the above market segments. We also offer solutions that are not industry-specific, but complement our payments products, to address needs for systems connectivity, data synchronization, testing and simulation and systems monitoring.

Our products cover four different domains within the payments business:

- Initiate — the initiation of payments through online banking systems
- Manage — the management of a payment through its lifecycle which we split into Retail Payment Engines, Back Office Services and Wholesale Payment Engines
- Secure — the securing of payments against fraud and money laundering
- Operate — the infrastructure needed to operate a payments system

The sections below provide an overview of our major software products within these domains.

In September 2009, we announced the ACI Agile Payments Solution, the vision for our payments products. The vision recognizes the long term direction to migrate payments processing from the current discrete structures to a common service-based delivery mechanism. While we are evolving our service offerings into the ACI Agile Payments Solution reference architecture, financial organizations can benefit from the enterprise capabilities of the existing product suite and start moving towards an agile payments environment.

Initiate Products

Within the Initiate domain, ACI has two products:

- *ACI Enterprise Banker* is a comprehensive Internet-based business banking product for financial institutions including banks, brokerage firms and credit unions and can be flexibly packaged for small, medium and large business customers. This product provides these customers with electronic payment initiation capability, information reporting, and numerous other payment related services that allow the business customer to manage all its banking needs via the Internet.
- *ACI Global Banker* provides single-window access to corporate cash management, trade finance, FX services, reporting and data exchange. Global Banker supports single-window, Single Sign-On access to a bank's corporate Internet banking platform. This enterprise-wide, multi-country, multi-language, multi-currency solution allows banks of all sizes to uniquely package products and services for different countries and segments — or even individual customers — from a single, flexible platform.

Manage — Retail Payment Engines

Generally, our retail payment engines are designed to route electronic payment transactions from transaction generators to the acquiring institutions so that they can be authorized for payment. The software often interfaces with regional or national switches to access the account-holding financial institution or card issuer for approval or denial of the transactions (authorization). The software returns messages to the original transaction generator (e.g. an ATM), thereby completing the transactions. Depending on how the software is configured, it can perform all of the functions necessary to authenticate, authorize, route and settle an electronic payment transaction, or it can interact with other systems to ensure that these functions are performed. Electronic payments software may be required to interact with dozens of devices, switch interchanges and communication protocols around the world. We currently offer six retail payment engine solutions, as follows:

- *BASE24-eps* is an integrated electronic payments processing product marketed to customers operating electronic payment networks in the retail banking and retail industries. The modular architecture of the product enables customers to select the application and system components that are required to operate their networks. BASE24-eps offers a broad range of features and functions for electronic payment processing. BASE24-eps allows customers to adapt to changing network needs by supporting 12 different types of ATM and five different types of point of sale ("POS") terminals, 48 interchange interfaces, and various authentication, authorization and reporting options and with standardized acceptance formats enabling processing of transactions from sources such as internet banking, branch or mobile systems. BASE24-eps uses an object-based architecture and languages such as C++ and Java to offer a more flexible, open architecture for the processing of a wide range of electronic payment transactions. BASE24-eps also uses a scripting language to improve overall transaction processing flexibility and improve time to market for new services, reducing the need for traditional systems modifications. BASE24-eps is licensed as a standalone electronic payments solution for financial institutions, retailers and electronic payment processors. BASE24-eps, which operates on IBM System z, IBM System p, Hewlett-Packard Company ("HP") NonStop, HP-UX and Sun Solaris servers, provides flexible integration points to other applications and data within enterprises to support 24-hour per day access to money, services and information.

On the HP NonStop platform, BASE24-eps uses NET24-XPNET, an ACI developed message oriented middleware solution.

- *ACI Retail Commerce Server* is an integrated suite of electronic payments products that facilitate a broad range of capabilities, specifically focused on retailers. These capabilities include debit and credit card processing, automated clearing house ("ACH") processing, electronic benefits transfer, card issuance and management, check authorization, customer loyalty programs and returned check collection. The Retail Commerce Server product line operates on open systems technologies such as Microsoft Windows, UNIX and Linux, with most of the current installations deployed on the Microsoft Windows platform.

ACI continues to support and maintain a number of other retail payments engines which are no longer sold to new customers.

- *BASE24* is an integrated family of software products marketed to customers operating electronic payment networks in the retail banking and retail industries. A substantial portion of ACI's revenues are derived from licensing the BASE24 family of products and providing related services and maintenance as it has been the core of the ACI business since the Company's inception.

The BASE24 product line operates exclusively on HP NonStop servers. The HP NonStop parallel-processing environment offers fault-tolerance, linear expandability and distributed processing capabilities. The combination of features offered by BASE24 and the HP NonStop technology are important characteristics in high volume, 24-hour per day electronic payment systems.

BASE24 makes use of NET24-XPNET, an ACI developed message oriented middleware solution.

BASE24-eps was developed specifically to take the BASE24 functionality to a new more flexible architecture, responding to customers' ideas, as well as allow the functionality to be delivered on a range of hardware platforms.

- *ON/2* is an integrated electronic payments processing system, exclusively designed for the Stratus VOS operating environment. It authenticates, authorizes, routes and switches transactions generated at ATMs and merchant POS sites.
- *OpeN/2* is an integrated electronic payments processing system, designed for open-systems environments such as Microsoft Windows, UNIX and Linux. It offers a wide range of electronic payments processing capabilities for financial institutions, retailers and electronic payment processors.
- *AS/X* a product acquired in the eps AG acquisition, is an integrated electronic payments processing system designed for open-systems environments such as UNIX. It supports a wide range of electronic payments processing capabilities for financial institutions and electronic payment processors in Germany and Switzerland.

During the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007, approximately 46%, 47%, 51%, and 49%, respectively, of our total revenues were derived from licensing the BASE24 product line, which revenue amounts do not include revenue associated with licensing the BASE24-eps product.

Manage — Back Office Services

ACI Back Office Services are card issuing and merchant management solutions which have been successfully used by the payments industry for many years. These products run on IBM System z, various Unix and Microsoft Windows servers. The products within back office services are:

- *ACI Issuer*, acquired in the Essentis acquisition, is a modern card and account management system. It has been developed to support national, international, and global financial institutions. The system has full multi-currency, multi-product, multi-institution and multi-language capabilities. It manages card portfolios in different countries and for different issuers on a single platform and has been built to fully comply with EMV standards.
- *ACI Acquirer*, acquired in the Essentis acquisition, supports the full life cycle of merchant portfolio management, including merchant boarding, transaction acquisition, interchange fee qualification, settlement and statement generation. The system is enabled with the flexibility acquirers require for complex merchant portfolios.
- *ACI Interchange*, acquired in the Essentis acquisition, is the central monetary transaction manager, processing all incoming customer transactions and maintaining a central transactions database. ACI Interchange also manages the clearing and settlement communication with the major international payment schemes, ensuring compliance with Visa, MasterCard, American Express and JCB. The module can easily be adapted to manage clearing and settlement with additional networks such as domestic payment schemes.
- *ACI Token Management* consists of the ANDiS suite of products from ACI's partner Bell ID. The ANDiS Smart Card & Application Management System provides for central life-cycle management of smart cards and other tokens as well as the management of the applications activated within the scheme. The ANDiS Key

Management System facilitates the implementation of security concepts based on the generation, storage, recovery, import and distribution of cryptographic keys. The keys are used for encryption and decryption of data and for verification and authorization of trusted parties using digital certificates.

- *ACI Payments Manager* is an integrated, modular software solution that automates the processing, settlement and reconciliation of electronic transactions, as well as provides plastic card issuance and account management. This product is now primarily marketed in North America.

ACI continues to support and maintain several other back office services products which are no longer sold to new customers.

- *ACI Card Management System* is a complete plastic card system for issuing cards, maintaining account information, tracking card usage and providing customer service.
- *ACI Smart Chip Manager* supports the deployment of stored-value and other chip card applications used at smart card-enabled devices.
- *ACI Dispute Management System* provides issuers the ability to work retail discrepancies caused by processing errors, disputes, charge backs and fraud.

Manage — Wholesale Payment Engine

Our wholesale payments solutions are focused on global, super-regional and regional financial institutions that provide treasury management services to large corporations. In addition, the market includes non-bank financial institutions with the need to conduct their own internal treasury management activities.

Our wholesale payments solutions include high value payments processing, bulk payments processing, global messaging and Continuous Link Settlement processing, and are collectively referred to as the ACI Money Transfer System. The high value payments processing products, which produce the majority of revenues within the MTS solution set, are used to generate, authorize, route, settle and control high value wire transfer transactions in domestic and international environments. The ACI Money Transfer System product operates on IBM System p servers using the AIX operating system and communicates over proprietary networks using a variety of messaging formats, including S.W.I.F.T., EBA, Target, Ellips, CEC, RTGSplus, Fedwire, CHIPS and Telex.

Secure Products

- *ACI Proactive Risk Manager ("PRM").* PRM is a neural network-based fraud detection system designed to help card issuers, merchants, merchant acquirers and financial institutions combat fraud schemes. The system combines the pattern recognition capability of neural-network transaction scoring with custom risk models of expert rules-based strategies and advanced client/server account management software. PRM operates on IBM System z, HP NonStop, Sun Solaris and Microsoft Windows servers. There are six editions of PRM, each of which is tailored for specific industry needs. The six editions are debit, credit, merchant, private label, money laundering detection and enterprise.
- *ACI Automated Case Management System.* The ACI Automated Case Management System offers customers the flexibility to automate activities and processes across the complete lifecycle of a case. Cases are created when fraud officers checking an alert within ACI Proactive Risk Manager identify fraud. The solution is a basic framework that defines processes for researching and resolving cases, including investigation resources, timeframes, escalation paths and alerts. The Automated Case Management System also acts as a central repository for case histories and resource activities to provide organizations with centralized auditing capabilities.
- *ACI Automated Case Management System for Anti-Money Laundering.* The ACI Automated Case Management System for Anti-Money Laundering reduces the need for internal resources to spend needless time on compliance requirements. The Automated Case Management System allows customers to automate the escalation and notification processing of potential non-compliance exposure. Since all activities and tasks are managed under the system from a process standpoint, it also provides the centralized auditing and reporting needs required for regulatory proof of compliance.

Operate Products

The Operate products provide specific technology extensions to augment the business services provided in the Initiate, Manage and Secure solutions.

- *ACI Communication Services* (formerly known as ICE) is a set of products that enable applications to support legacy protocols, such as SNA and X.25, running over TCP/IP networks. It also supports hybrid networking environments such as IBM's HPR/IP. This set of products run on HP NonStop, IBM System z and Unix platforms.
- *ACI Communication Services — Network Express* provides network communications and middleware capabilities to support legacy systems integration and connectivity.
- *ACI Enterprise Security Services* (formerly known as SafeTGate) is a suite of security solutions that secure access to systems and resources. All of these products run on the HP NonStop platform and were designed to take advantage of HP NonStop fundamentals.
- *ACI Web Access Services* (formerly known as Webgate) allows HP NonStop users to securely expose existing applications to peer systems as well as PC clients and web browsers. Web Access Services supports new GUI client development, standard 6530 and 3270E terminal emulation or automated data stream transformation to give users a range of options for integrating NonStop services across the enterprise.
- *ACI Monitoring and Management* (formerly known as ENGUARD) is a proactive monitoring, alarm and dispatching software tool.
- *ACI DataWise* is a transactional data management solution that allows high volumes of transactional data to be moved between Stratus® VOS systems, across different platforms and between heterogeneous databases.
- *ACI Simulation Services for Enterprise Testing (ASSET)* is a simulation and testing tool that allows companies involved in electronic payments to simulate devices and transactions, and perform application testing.

Partnerships and Industry Participation

We have two major types of third party partners: alliances, where we work closely with industry leaders who drive key industry trends and mandates, and product partners, where we market or embed the products of other software companies.

We have strategic alliances with HP, IBM and Oracle whose hardware and software are utilized by ACI's products. These partnerships allow us to understand developments in their technology and to utilize their expertise in topics like performance testing.

In addition, we have a range of alliances that help us add value to our solutions, stay abreast of current market conditions and industry developments such as standards. Alliance organizations include Diebold, NCR, Wincor-Nixdorf, VISA, MasterCard and S.W.I.F.T. In addition ACI has membership in, and participates in the relevant committees, of a number standard setting bodies, such as the International Organization for Standardization ("ISO"), Interactive Financial eXchange Forum ("IFX"), UK Cards Association and the PCI Security Standards Council.

Product partner relationships extend our product portfolio, improve our ability to get our solutions to market and enhance our ability to deliver market-leading solutions. We share revenues with these product partners based on relative responsibilities for the customer account. The agreements with product partners generally grant us the right to embed their technology within our applications, distribute, or represent their products on a worldwide basis and have a term of several years. The following is a list of currently active product partners:

- Oracle (for its GoldenGate product)
- Ascert
- ACE Software Solutions
- Bell ID

- FairCom Corporation
- Paragon Application Systems
- Financial Software and Services
- IBM
- CB.Net
- RDM Corporation
- Intuit
- Vasco Data Security
- Metatomix
- Accuity
- RSA, The Security Division of EMC Corporation
- iPay Technologies
- Parsam Technologies

Services

We offer our customers a wide range of professional services, including analysis, design, development, implementation, integration and training. We have service professionals within each of our three geographic regions who generally perform the majority of the work associated with installing and integrating our software products, rather than relying on third-party systems integrators. We offer the following types of services for our customers:

- *Implementation Services.* We utilize a standard methodology to deliver customer project implementations across all products lines. Within the process, we provide customers with a variety of services, including on-site solution scoping reviews, project planning, training, site preparation, installation, product configuration, product customization, testing and go-live support, and project management throughout the project life cycle. Implementation services are offered for a fee that varies based on the level and quantity of included services.
- *Technical Services.* The majority of our technical services are provided to customers who have licensed one or more of our software products. Services offered include programming and programming support, day-to-day systems operations, network operations, help desk staffing, quality assurance testing, problem resolution, system design, and performance planning and review. Technical services are typically priced on a weekly basis according to the level of technical expertise required and the duration of the project.
- *Facilities Management.* We offer facilities management services whereby we operate a customer’s electronic payments system for multi-year periods. Pricing and payment terms for facilities management services vary on a case-by-case basis giving consideration to the complexity of the facility or system to be managed, the level and quantity of technical services required, and other factors relevant to the facilities management agreement.
- *ACI On Demand.* We offer a service whereby we host a customer’s system for them as opposed to the customer licensing and installing the system on their own site. We offer several of our solutions in this manner, including our retail and wholesale payment engines, risk management and online banking products. Each customer gets a unique image of the system that can be tailored to meet their needs. The product is generally located on facilities and hardware that we provide. Pricing and payment terms depend on which solutions the customer requires and their transaction volumes. Generally, customers are required to commit to a minimum contract of three to five years.

Customer Support

We provide our customers with product support that is available 24 hours a day, seven days a week. If requested by a customer, the product support group can remotely access that customer's systems on a real-time basis. This allows the product support groups to help diagnose and correct problems to enhance the continuous availability of a customer's business-critical systems. We offer our customers both a general maintenance plan and an extended service option.

- *General Maintenance.* After software installation and project completion, we provide maintenance services to customers for a monthly fee. Maintenance services include:
- 24-hour hotline for problem resolution
- Customer account management support
- Vendor-required mandates and updates
- Product documentation
- Hardware operating system compatibility
- User group membership
- *Enhanced Support Program.* Under the extended service option, referred to as the Enhanced Support Program, each customer is assigned an experienced technician to work with its system. The technician typically performs functions such as:
- Install and test software fixes
- Retrofit custom software modifications ("CSMs") into new software releases
- Answer questions and resolve problems related to CSM code
- Maintain a detailed CSM history
- Monitor customer problems on HELP24 hotline database on a priority basis
- Supply on-site support, available upon demand
- Perform an annual system review

We provide new releases of our products on a periodic basis. New releases of our products, which often contain product enhancements, are typically provided at no additional fee for customers under maintenance agreements. Agreements with our customers permit us to charge for substantial product enhancements that are not provided as part of the maintenance agreement.

Competition

The electronic payments market is highly competitive and subject to rapid change. Competitive factors affecting the market for our products and services include product features, price, availability of customer support, ease of implementation, product and company reputation, and a commitment to continued investment in research and development.

Our competitors vary by product line, geography and market segment. Generally, our most significant competition comes from in-house information technology departments of existing and potential customers, as well as third-party electronic payments processors (some of whom are our customers). Many of these companies are significantly larger than us and have significantly greater financial, technical and marketing resources. Key competitors by product domain include the following:

Initiate Domain

Principal competitors for the Initiate product set are S1 Corporation, Fundtech Ltd, Fiserv, Inc., Intuit Corporation, and Clear2Pay.

Manage Domain

The third-party software competitors for the products in the retail banking aspect of the manage domain are S1 Corporation, OpenWay, Tieto Enator, TSYS and CSC as well as small, regionally-focused companies such as Aleric Technology Inc., Distra Pty. Ltd., and Opus Software Solutions Private Limited. Primary electronic payment processing competitors in this area include global entities such as First Data Corporation, Fidelity National Information Services, Inc., Total System Services (TSYS), Atos Origin S.A., Euronet Worldwide, Inc., Visa and MasterCard, as well as regional or country-specific processors.

In the wholesale banking side of the manage domain, the principal competitors are Fundtech, Tieto, Clear2Pay, Dovetail, Bottomline Technologies and a number of core banking processors.

Secure Domain

Principal competitors for the products in the secure domain are Fair Isaac Corporation, Norkom Technologies, Actimize, Inc., SAS Institute, Inc., Fiserv, Inc., and Fortent Inc., as well as dozens of smaller companies focused on niches of this segment such as anti-money laundering.

Operate Domain

The principal competitor for the operate domain products are HP, IBM and Oracle, as well as dozens of small, niche-focused competitors.

As markets continue to evolve in the electronic payments, risk management and smartcard sectors, we may encounter new competitors for our products and services. As electronic payment transaction volumes increase and banks face price competition, third-party processors may become stronger competition in our efforts to market our solutions to smaller financial institutions. In the larger financial institution market, we believe that third-party processors may be less competitive since large institutions attempt to differentiate their electronic payment product offerings from their competition, and are more likely to develop or continue to support their own internally-developed solutions or use third-party software packages such as those offered by us.

Research and Development

Our product development efforts focus on new products and improved versions of existing products. We facilitate user group meetings. The user groups are generally organized geographically or by product lines. The groups help us determine our product strategy, development plans and aspects of customer support. We believe that the timely development of new applications and enhancements is essential to maintain our competitive position in the market.

In developing new products, we work closely with our customers and industry leaders to determine requirements. We work with device manufacturers, such as Diebold, NCR and Wincor-Nixdorf, to ensure compatibility with the latest ATM technology. We work with interchange vendors, such as MasterCard and VISA, to ensure compliance with new regulations or processing mandates. We work with computer hardware and software manufacturers, such as HP, IBM, Microsoft Corporation, Sun Microsystems, Inc. and Stratus Technologies, Inc. to ensure compatibility with new operating system releases and generations of hardware. Customers often provide additional information on requirements and serve as beta-test partners.

Our total research and development expenses during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 were $77.5 million, $75.9 million, $22.9 million, and $79.0 million, or 19.1%, 18.2%, 22.7%, and 21.6%, of total revenues, respectively.

Customers

We provide software products and services to customers in a range of industries worldwide, with financial institutions, retailers and e-payment processors comprising our largest industry segments. As of December 31, 2009, our customers include more than 100 of the 500 largest banks in the world, as measured by asset size, 7 of the top 12 retailers in the United States, as measured by revenue, and nearly 100 retailers worldwide. As of

December 31, 2009, we had 749 customers in 88 countries on six continents. Of this total, 383 are in the Americas reportable segment, 235 are in the EMEA reportable segment and 131 are in the Asia/Pacific reportable segment. No single customer accounted for more than 10% of our consolidated revenues for the years ended December 31, 2009 and 2008, the three-month period ended December 31, 2007, or the year ended September 30, 2007.

Selling and Marketing

Our primary method of distribution is direct sales by employees assigned to specific regions or specific products. In addition, we use distributors and sales agents to supplement our direct sales force in countries where business practices or customs make it appropriate, or where it is more economical to do so. We generate a majority of our sales leads through existing relationships with vendors, direct marketing programs, customers and prospects, or through referrals.

Key international distributors and sales agents for us during the year ended December 31, 2009 included:

- PTESA (Columbia)
- PTESAVEN (Venezuela)
- North Data (Uruguay)
- Hewlett Packard Peru (Peru)
- P.T. Abhimata Persada (Indonesia)
- Financial Software and Systems (India)
- Korea Computer & Systems (Korea)
- DataOne Asia Co (Thailand)
- Optimisa (Chile)
- Simba Technology (Kenya)
- Systems Builder (Saudi Arabia)
- Syscom Computer Engineering (Taiwan)
- Syscom Computer (Shenzhen) (China)

We distribute the products of other vendors as complements to our existing product lines. We are typically responsible for the sales and marketing of the vendor’s products, and agreements with these vendors generally provide for revenue sharing based on relative responsibilities.

In addition to our principal sales office in Omaha, we also have sales offices located outside the United States in Athens, Bahrain, Beijing, Buenos Aires, Dubai Internet City, Gouda, Kuala Lumpur, Johannesburg, Madrid, Manila, Melbourne, Mexico City, Milan, Moscow, Mumbai, Naples, Paris, Riyadh, Sao Paulo, Seoul, Shanghai, Singapore, Sulzbach, Sydney, Tokyo, Toronto, and Watford.

Proprietary Rights and Licenses

We rely on a combination of trade secret and copyright laws, license agreements, contractual provisions and confidentiality agreements to protect our proprietary rights. We distribute our software products under software license agreements that typically grant customers nonexclusive licenses to use our products. Use of our software products is usually restricted to designated computers, specified locations and/or specified capacity, and is subject to terms and conditions prohibiting unauthorized reproduction or transfer of our software products. We also seek to protect the source code of our software as a trade secret and as a copyrighted work. Despite these precautions, there can be no assurance that misappropriation of our software products and technology will not occur.

In addition to our own products, we distribute, or act as a sales agent for, software developed by third parties. However, we typically are not involved in the development process used by these third parties. Our rights to those third-party products and the associated intellectual property rights are limited by the terms of the contractual agreement between us and the respective third-party.

Although we believe that our owned and licensed intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against us. Further, there can be no assurance that intellectual property protection will be available for our products in all foreign countries.

Like many companies in the electronic commerce and other high-tech industries, third parties have in the past and may in the future assert claims or initiate litigation related to patent, copyright, trademark or other intellectual property rights to business processes, technologies and related standards that are relevant to us and our customers. These assertions have increased over time as a result of the general increase in patent claims assertions, particularly in the United States. Third parties may also claim that the third-party's intellectual property rights are being infringed by our customers' use of a business process method which utilizes products in conjunction with other products, which could result in indemnification claims against us by our customers. Any claim against us, with or without merit, could be time-consuming, result in costly litigation, cause product delivery delays, require us to enter into royalty or licensing agreements or pay amounts in settlement, or require us to develop alternative non-infringing technology. We could also be required to defend or indemnify our customers against such claims. A successful claim by a third-party of intellectual property infringement by us or one of our customers could compel us to enter into costly royalty or license agreements, pay significant damages or even stop selling certain products and incur additional costs to develop alternative non-infringing technology.

Segment Information and Foreign Operations

We derive a significant portion of our revenues from foreign operations. For detail of revenue by geographic region see Note 12, “Segment Information”, in the Notes to Consolidated Financial Statements.

Employees

As of December 31, 2009, we had a total of approximately 2,114 employees of whom 1,121 were in the Americas reportable segment, 610 were in the EMEA reportable segment and 383 were in the Asia/Pacific reportable segment.

None of our employees are subject to a collective bargaining agreement. We believe that relations with our employees are good.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”), are available free of charge on our website at www.aciworldwide.com as soon as reasonably practicable after we file such information electronically with the SEC. The information found on our website is not part of this or any other report we file with or furnish to the SEC. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, Room 1580, NW, Washington DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Executive Officers of the Registrant

As of February 26, 2010, our executive officers, their ages and their positions were as follows.

Name	Age	Position
Philip G. Heasley	60	President, Chief Executive Officer and Director
Scott W. Behrens	38	Senior Vice President, Chief Financial Officer, Controller and Chief Accounting Officer
J. Ronald Totaro	46	Senior Vice President and Chief Operating Officer
Craig A. Maki	43	Senior Vice President, Treasurer and Chief Corporate Development Officer
Dennis P. Byrnes	46	Senior Vice President, General Counsel and Secretary
David N. Morem	52	Senior Vice President, Global Business Operations
Charles H. Linberg	52	Vice President, Chief Technology Officer

Mr. Heasley has been a director and our President and Chief Executive Officer since March 2005. Mr. Heasley has a comprehensive background in payment systems and financial services. From October 2003 to March 2005, Mr. Heasley served as Chairman and Chief Executive Officer of PayPower LLC, an acquisition and consulting firm specializing in financial services and payment services. Mr. Heasley served as Chairman and Chief Executive Officer of First USA Bank from October 2000 to November 2003. Prior to joining First USA Bank, from 1987 until 2000, Mr. Heasley served in various capacities for U.S. Bancorp, including Executive Vice President, and President and Chief Operating Officer. Before joining U.S. Bancorp, Mr. Heasley spent 13 years at Citicorp, including three years as President and Chief Operating Officer of Diners Club, Inc. Mr. Heasley is also a director of Tier Technologies, Inc. (NASDAQ: TIER), a provider of electronic payment biller-direct solutions, and Lender Processing Services, Inc. (NYSE: LPS), a provider of mortgage processing services, settlement services, mortgage performance analytics and default solutions. Mr. Heasley also serves on the National Infrastructure Advisory Board.

Mr. Behrens serves as Senior Vice President, Chief Financial Officer, Controller and Chief Accounting Officer. Mr. Behrens joined ACI in June 2007 as the Company's Controller and Chief Accounting Officer. Mr. Behrens was appointed Chief Financial Officer in December 2008. Prior to joining ACI, Mr. Behrens served as Senior Vice President, Corporate Controller and Chief Accounting Officer at SITEL Corporation from January 2005 to June 2007. He also served as Vice President of Financial Reporting at SITEL Corporation from April 2003 to January 2005. From 1993 to 2003, Mr. Behrens was with Deloitte & Touche, LLP, including two years as a Senior Audit Manager. Mr. Behrens holds a Bachelor of Science (Honors) from the University of Nebraska — Lincoln.

Mr. Totaro joined the Company in March 2008 and serves as Senior Vice President and Chief Operating Officer. Mr. Totaro is responsible for strategic planning, sales operations and global products. Prior to joining ACI, he was Vice President and General Manager of global credit scoring solutions at Fair Isaac Corporation. Mr. Totaro was Vice President of Interactive Marketing and Media at AOL Time Warner from 2000 to 2002 and previously held management positions at Andersen Consulting LLP, GE Capital Corporation and American Express TRS Company. Mr. Totaro holds an undergraduate degree from the State University of New York and a Master of Business Administration from the Ross School of Business at the University of Michigan.

Mr. Maki serves as Senior Vice President, Treasurer and Chief Corporate Development Officer. Mr. Maki joined the Company in June 2006. Mr. Maki was appointed Treasurer in January 2008. Prior to joining the Company, Mr. Maki served as Senior Vice President for Stephens, Inc. from 1999 through 2006. From 1994 to 1999, Mr. Maki was a Director in the Corporate Finance group at Arthur Andersen and from 1991 to 1994, he was a Senior Consultant at Andersen Consulting. Mr. Maki graduated from the University of Wyoming and received his Master of Business Administration from the University of Denver.

Mr. Byrnes serves as Senior Vice President, Chief Administrative Officer, General Counsel and Secretary. Mr. Byrnes joined the Company in June 2003. Prior to that Mr. Byrnes served as an attorney in Bank One Corporation's technology group from 2002. From 1996 to 2002 Mr. Byrnes was an executive officer at Sterling Commerce, Inc., an electronic commerce software and services company, serving as that company's general counsel from 2000. From 1991 to 1996 Mr. Byrnes was an attorney with Baker Hostetler, a national law firm with over 600 attorneys. Mr. Byrnes holds a JD (cum laude) from The Ohio State University College of Law, a Master of Business Administration from Xavier University and a Bachelor of Science in engineering (magna cum laude) from Case Western Reserve University.

Mr. Morem joined the Company in June 2005 and serves as Senior Vice President, Global Business Operations. Prior to his appointment as Senior Vice President, Global Business Operations in January 2008, Mr. Morem served as Chief Administrative Officer of the Company. Prior to joining ACI, Mr. Morem held executive positions at GE Home Loans, Bank One Card Services and U.S. Bank. Mr. Morem brings more than 25 years of experience in process management, finance, credit operations, credit policy and change management. Mr. Morem holds a B.A. degree from the University of Minnesota and a Master of Business Administration from the University of St. Thomas.

Mr. Linberg serves as Vice President and Chief Technology Officer. In this capacity he is responsible for the architectural direction of ACI products including the formation of platform, middleware and integration strategies. A graduate of the University of Delaware, Mr. Linberg joined ACI in 1988 and has served in various technical management roles including Vice President of Payment Systems, Vice President of Architecture and Technology, Vice President of BASE24 Development and Vice President of Network Systems. Prior to joining ACI, Mr. Linberg was Vice President of Research and Development at XRT, Inc., where he led the development of XRT's proprietary fault-tolerant LAN/WAN communications middleware, relational database and 4GL products.

ITEM 1A. *RISK FACTORS*

Factors That May Affect Our Future Results or the Market Price of Our Common Stock

We operate in a rapidly changing technological and economic environment that presents numerous risks. Many of these risks are beyond our control and are driven by factors that often cannot be predicted. The following discussion highlights some of these risks.

The global financial crisis affecting the banking system and financial markets and the current global economic conditions could reduce the demand for our products and services or otherwise adversely impact our cash flows, operating results and financial condition.

The global financial crisis, declining real estate and retail markets, changes in bank credit quality in the United States or abroad, extreme capital and credit market volatility, higher unemployment and declining business and consumer confidence have precipitated a global recession. The global electronic payments industry and the banking and financial services industries depend heavily upon the overall levels of consumer, business and government spending. For the foreseeable future, we expect to derive most of our revenue from products and services we provide to the banking and financial services industries. The current economic conditions could result in a decrease in consumers' use of banking services and financial service providers and the implementation by banks and related financial service providers of cost reduction measures which could result in significant decreases in the demand for our products and services and adversely affect our operating results.

Moreover, to the degree that the financial crisis and the volatility in the credit markets makes it more difficult for our customers to maintain sufficient liquidity to meet their operating needs or obtain financing, customers may be unable to timely meet their payment obligations to us and we may experience greater difficulties in accounts receivable collection, increases in bad debt write-offs and additions to reserves in our receivables portfolio which could have a material adverse impact on our cash flows, operating results and financial condition.

Our current credit facility contains restrictions and other financial covenants that limit our flexibility in operating our business.

Our credit facility contains customary affirmative and negative covenants for credit facilities of this type that limit our ability to engage in specified types of transactions. These covenants limit our ability, and the ability of our subsidiaries, to, among other things: pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments; make certain investments; sell certain assets; create liens; incur additional indebtedness or issue certain preferred shares; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and enter into certain transactions with our affiliates. Our credit facility also requires us to meet certain quarterly financial tests, including a maximum leverage ratio and a minimum interest coverage ratio. Our credit facility includes customary events of default, including, but not limited to, failure to pay principal or interest, breach of covenants or representations and warranties, cross-default to other indebtedness, judgment default and insolvency. If an event of default occurs under the credit facility, the lenders will be entitled to take various actions, including, but not limited to, demanding payment for all amounts outstanding. If adverse global economic conditions persist or worsen, we could experience decreased revenues from our operations attributable to reduced demand for our products and services and as a result, we could fail to satisfy the financial and other restrictive covenants to which we are subject under our existing credit facility, resulting in an event of default. If we are unable to cure the default or obtain a waiver, we will not be able to access our credit facility and we cannot assure you that we would be able to obtain alternative financing.

The volatility and disruption of the capital and credit markets and adverse changes in the global economy may negatively impact our liquidity and our ability to access financing.

While we intend to finance our operations and growth of our business with existing cash and cash flow from operations, if adverse global economic conditions persist or worsen, we could experience a decrease in cash from operations attributable to reduced demand for our products and services and as a result, we may need to borrow additional amounts under our existing credit facility or we may require additional financing for our continued operation and growth. However, due to the existing uncertainty in the capital and credit markets and the impact of the current economic crisis on our operating results and financial conditions, the amount of available unused borrowings under our existing credit facility may be insufficient to meet our needs and/or our access to capital outside of our existing credit facility may not be available on terms acceptable to us or at all. Additionally, if one or more of the financial institutions in our syndicate were to default on its obligation to fund its commitment, the portion of the committed facility provided by such defaulting financial institution would not be available to us. We cannot assure you that alternative financing on acceptable terms would be available to replace any defaulted commitments.

Our announced restructuring and efficiency efforts as part of the implementation of our strategic plan may not achieve the expected efficiencies and cost savings which could affect our results of operations and financial condition.

In August 2008 we announced the implementation of our strategic plan and our expectations related to certain cost take-outs during 2008 and 2009 to be achieved primarily through a reduction in the work force, reallocation of headcount to different geographies and consolidation of non-core products and facilities. While we expect our cost saving initiatives to result in significant cost savings throughout our organization, our estimated savings are based on several assumptions that may prove to be inaccurate, and as a result we cannot assure you that we will realize these cost savings. The failure to achieve our estimated cost savings, or a significant delay in our achievement of the expected benefits, could negatively affect our financial condition and results of operations. Factors that could cause actual results to differ materially from our expectations with regard to our announced restructuring include:

- timing and execution of plans and programs that may be subject to local labor law requirements, including consultation with appropriate work councils;
- changes in assumptions related to severance and postretirement costs;
- risks associated with litigation for wrongful termination;
- new business initiatives and changes in product roadmaps and development efforts;
- changes in employment levels and turnover rates; and
- changes in product demand and the business environment.

While we have and will continue to implement these strategies, there can be no assurance that we will be able to do so successfully or that we will realize the projected benefits of these and other cost saving plans. If we are unable to realize these anticipated cost reductions, our financial health may be adversely affected. Moreover, our continued implementation of cost saving plans may result in the continued diversion of management time and resources and the disruption of our operations, services to customers and performance.

We may face risks related to recent restatements of our financial statements.

Prior to filing the 2008 Annual Report, we determined that we needed to restate our consolidated financial statements for the quarter ended March 31, 2008 to make adjustments related to the recognition of $1.9 million of revenue during that quarter for a software project in the Asia/Pacific reportable operating segment which should have been deferred until further project milestones were achieved. As a result, we also amended our quarterly reports on Form 10-Q/A for the periods ended June 30, 2008 and September 30, 2008 to report year-to-date data reflecting the adjustments made in the restated consolidated financial statements for the quarter ended March 31, 2008.

In addition, during fiscal 2007, we restated our consolidated balance sheet as of September 30, 2005, and our consolidated statements of operations, our consolidated statements of stockholders' equity and comprehensive income and consolidated statements of cash flows for each of the years ended September 30, 2005 and 2004. In addition, we restated selected financial data for fiscal years 2004, 2003 and 2002.

Companies that restate their financial statements sometimes face litigation claims and/or SEC proceedings following such a restatement. We could face monetary judgments, penalties or other sanctions which could adversely affect our financial condition and could cause our stock price to decline.

Consolidation in the financial services industry may adversely impact the number of customers and our revenues in the future.

Mergers, acquisitions and personnel changes at key financial services organizations have the potential to adversely affect our business, financial condition, and results of operations. Our business is concentrated in the financial services industry, making us susceptible to a downturn in that industry. Consolidation activity among financial institutions has increased in recent years. There are several potential negative effects of increased consolidation activity. Continuing consolidation of financial institutions could cause us to lose existing and potential customers for our products and services. For instance, consolidation of two of our customers could result in reduced revenues if the combined entity were to negotiate greater volume discounts or discontinue use of certain of our products. Additionally, if a non-customer and a customer combine and the combined entity in turn decided to forego future use of our products, our revenues would decline.

Most of our customers are in the banking and financial services industries which are subject to economic changes that could reduce the demand for our products and services.

For the foreseeable future, we expect to derive most of our revenue from products and services we provide to the banking and financial services industries. Our financial condition depends on the health of the general economy as well as the software sector and financial services industry as our revenue and profits are driven by demand for our products and services. Changes in economic conditions and unforeseen events like recession, the current financial and mortgage crisis, inflation or changes in bank credit quality in the United States or abroad, could occur and reduce consumers' use of banking services and financial service providers. Any event of this kind, or implementation for any reason by banks or related financial service providers of cost reduction measures, could result in significant decreases in the demand for our products and services and adversely affect our operating results. When an economy is struggling, companies in many industries delay or reduce technology purchases. A lessening demand in either the overall economy, the software sector or the financial services industry could result in reduced capital spending by our customers, longer sales cycles, deferral or delay of purchase commitments for our products and increased price competition which could lead to a material decrease in our future revenues and earnings.

Management's backlog estimate may not be accurate and may not generate the predicted revenues.

Estimates of future financial results are inherently unreliable. Our backlog estimates require substantial judgment and are based on a number of assumptions, including management's current assessment of customer and third party contracts that exist as of the date the estimates are made, as well as revenues from assumed contract renewals, to the extent that we believe that recognition of the related revenue will occur within the corresponding backlog period. A number of factors could result in actual revenues being less than the amounts reflected in backlog. Our customers or third party partners 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 within their industries or geographic locations, or we may experience delays in the development or delivery of products or services specified in customer contracts. Actual renewal rates and amounts may differ from historical experiences used to estimate backlog amounts. 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 will actually generate the specified revenues or that the actual revenues will be generated within a 12-month or 60-month period. Additionally, because backlog estimates are operating metrics, the estimates are not subject to the same level of internal review or controls as a generally accepted accounting principles ("GAAP") financial measure.

Our revenue and earnings are highly cyclical and our quarterly results fluctuate significantly.

Our revenue and earnings are highly cyclical causing significant quarterly fluctuations in our financial results. Revenue and operating results are usually strongest during the third and fourth fiscal quarters ending September 30 and December 31 primarily due to the sales and budgetary cycles of our customers. We experience lower revenues, and possible operating losses, in the first and second quarters ending March 31 and June 30. Our financial results may also fluctuate from quarter to quarter and year to year due to a variety of factors, including changes in product sales mix that affect average selling prices; and the timing of customer renewals (any of which may impact the pattern of revenue recognition).

We may face exposure to unknown tax liabilities, which could adversely affect our financial condition and/or results of operations.

We are subject to income and non-income based taxes in the United States and in various foreign jurisdictions. Significant judgment is required in determining our worldwide income tax liabilities and other tax liabilities. In addition, we expect to continue to benefit from implemented tax-saving strategies. We believe that these tax-saving strategies comply with applicable tax law. If the governing tax authorities have a different interpretation of the applicable law and successfully challenge any of our tax positions, our financial condition and/or results of operations could be adversely affected.

Our tax positions in our United States federal income tax returns filed for the 2005 and 2006 tax years are the subject of an ongoing examination by the Internal Revenue Service ("IRS"). We believe that our tax positions comply with applicable tax law and intend to vigorously defend our positions. This examination could result in the IRS issuing proposed adjustments that could adversely affect our financial condition and/or results of operations.

One of our foreign subsidiaries is the subject of a tax examination by the local taxing authorities. Other foreign subsidiaries could face challenges from various foreign tax authorities. It is not certain that the local authorities will accept our tax positions. We believe our tax positions comply with applicable tax law and intend to vigorously defend our positions. However, differing positions on certain issues could be upheld by foreign tax authorities, which could adversely affect our financial condition and/or results of operations.

Our stock price may be volatile.

Prices on the global financial markets for equity securities declined precipitously since September 2008. No assurance can be given that operating results will not vary from quarter to quarter, and past performance may not accurately predict future performance. Any fluctuations in quarterly operating results may result in volatility in our stock price. Our stock price may also be volatile, in part, due to external factors such as announcements by third parties or competitors, inherent volatility in the technology sector, and changing market conditions in the software industry.

There are a number of risks associated with our international operations, including, exposure to fluctuations in currency exchange rates, that could have a material impact on our operations and financial condition.

We have historically derived a majority of our revenues from international operations and anticipate continuing to do so. As a result, we are subject to risks of conducting international operations. One of the principal risks associated with international operations is potentially adverse movements of foreign currency exchange rates. Our exposures resulting from fluctuations in foreign currency exchange rates may change over time as our business evolves and could have an adverse impact on our financial condition and/or results of operations. We have not entered into any derivative instruments or hedging contracts to reduce exposure to adverse foreign currency changes.

Other potential risks include difficulties associated with staffing and management, reliance on independent distributors, longer payment cycles, potentially unfavorable changes to foreign tax rules, compliance with foreign regulatory requirements, reduced protection of intellectual property rights, variability of foreign economic conditions, governmental currency controls, difficulties in enforcing our contracts in foreign jurisdictions, and general economic and political conditions in the countries where we sell our products and services. Some of our products may contain encrypted technology, the export of which is regulated by the United States government. Changes in United States and other applicable export laws and regulations restricting the export of software or encryption technology could result in delays or reductions in our shipments of products internationally.

The software market is a rapidly changing and highly competitive industry, and we may not be able to compete effectively.

The software market is characterized by rapid change, evolving technologies and industry standards and intense competition. There is no assurance that we will be able to maintain our current market share or customer base. We face intense competition in our business and we expect competition to remain intense in the future. We have many competitors that are significantly larger than us and have significantly greater financial, technical and marketing resources, have well-established relationships with our current or potential customers, advertise aggressively or beat us to the market with new products and services. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. Increased competition in our markets could lead to price reductions, reduced profits, or loss of market share. The current global economic conditions could also result in increased price competition for our products and services.

To compete successfully, we need to maintain a successful research and development effort. If we fail to enhance our current products and develop new products in response to changes in technology and industry standards, bring product enhancements or new product developments to market quickly enough, or accurately predict future changes in our customers' needs and our competitors develop new technologies or products, our products could become less competitive or obsolete.

We are engaged in offshore software development activities, which may not be successful and which may put our intellectual property at risk.

As part of our globalization strategy and to optimize available research and development resources, in fiscal 2006 we established a new subsidiary in Ireland to serve as the focal point for certain international product development and commercialization efforts. This subsidiary oversees remote software development operations in Romania and elsewhere, as well as manages certain of our intellectual property rights. While our experience to date with our offshore development centers has been positive, there is no assurance that this will continue. Specifically, there are a number of risks associated with this activity, including but not limited to the following:

- communications and information flow may be less efficient and accurate as a consequence of the time, distance and language differences between our primary development organization and the foreign based activities, resulting in delays in development or errors in the software developed;
- in addition to the risk of misappropriation of intellectual property from departing personnel, there is a general risk of the potential for misappropriation of our intellectual property that might not be readily discoverable;
- the quality of the development efforts undertaken offshore may not meet our requirements because of language, cultural and experiential differences, resulting in potential product errors and/or delays;
- potential disruption from the involvement of the United States in political and military conflicts around the world; and
- currency exchange rates could fluctuate and adversely impact the cost advantages intended from maintaining these facilities.

One of our most strategic products, BASE24-eps, could prove to be unsuccessful in the market.

Our BASE24-eps product is strategic for us, in that it is designated to help us win new accounts, replace legacy payments systems on multiple hardware platforms and help us transition our existing customers to a new, open-systems product architecture. Our business, financial condition and/or results of operations could be materially adversely affected if we are unable to generate adequate sales of BASE24-eps, if market acceptance of BASE24-eps is delayed, or if we are unable to successfully deploy BASE24-eps in production environments.

Our announcement of the maturity of certain legacy retail payment products may result in decreased customer investment in our products and our strategy to migrate customers to our next generation products may be unsuccessful which may adversely impact our business and financial condition, including the timing of revenue recognition associated with the legacy retail payment products.

Our announcement related to the maturity of certain retail payment engines may result in customer decisions not to purchase or otherwise invest in these engines, related products and/or services. Alternatively, the maturity of these products may result in delayed customer purchase decisions or the renegotiation of contract terms based upon scheduled maturity activities. In addition, our strategy related to migrating customers to our next generation products may be unsuccessful. Reduced investments in our products, deferral or delay in purchase commitments by our customers or our failure to successfully manage our migration strategy could have a material adverse effect on our business, liquidity and financial condition.

Our announcement of the maturity of certain legacy retail payment products, and customer migrations to our next generation products, may result in ratable or deferred recognition of certain revenue associated with the legacy retail payment products.

As a result of the maturity announcement, certain up-front fees associated with the legacy payment engines, including initial license fees, may become subject to ratable revenue recognition over time rather than up front at the time of contract. This will result in a delay in the recognition of these up-front fees. Additionally, customers may negotiate terms associated with their migration to Base24-eps which may cause the recognition of revenue associated with the customer’s legacy payment engine to be deferred pending the completion of the migration.

Our future profitability depends on demand for our products; lower demand in the future could adversely affect our business.

Our revenue and profitability depend on the overall demand for our products and services. Historically, a majority of our total revenues resulted from licensing our BASE24 product line and providing related services and maintenance. Any reduction in demand for, or increase in competition with respect to, the BASE24 product line could have a material adverse effect on our financial condition and/or results of operations.

We have historically derived a substantial portion of our revenues from licensing of software products that operate on HP NonStop servers. Any reduction in demand for HP NonStop servers, or any change in strategy by HP related to support of its NonStop servers, could have a material adverse effect on our financial condition and/or results of operations.

Failure to obtain renewals of customer contracts or obtain such renewals on favorable terms could adversely affect our results of operations and financial condition.

Failure to achieve favorable renewals of customer contracts could negatively impact our business. Our contracts with our customers generally run for a period of five years. At the end of the contract term, customers have the opportunity to renegotiate their contracts with us and to consider whether to engage one of our competitors to provide products and services. Failure to achieve high renewal rates on commercially favorable terms could adversely affect our results of operations and financial condition.

The delay or cancellation of a customer project, or inaccurate project completion estimates, may adversely affect our operating results and financial performance.

Any unanticipated delays in a customer project, changes in customer requirements or priorities during the project implementation period, or a customer's decision to cancel a project, may adversely impact our operating results and financial performance. In addition, during the project implementation period, we perform ongoing estimates of the progress being made on complex and difficult projects and documenting this progress is subject to potential inaccuracies. Changes in project completion estimates are heavily dependent on the accuracy of our initial project completion estimates and our ability to evaluate project profits and losses. Any inaccuracies or changes in estimates resulting from changes in customer requirements, delays or inaccurate initial project completion estimates may result in increased project costs and adversely impact our operating results and financial performance.

If we experience business interruptions or failure of our information technology and communication systems, the availability of our products and services could be interrupted which could adversely effect our reputation, business and financial condition.

Our ability to provide reliable service in a number of our businesses depends on the efficient and uninterrupted operation of our data centers, information technology and communication systems, and those of our external service providers. As we continue to grow our On Demand business, our dependency on the continuing operation and availability of these systems increases. Our systems and data centers, and those of our external service providers, could be exposed to damage or interruption from fire, natural disasters, power loss, telecommunications failure, unauthorized entry and computer viruses. Although we have taken steps to prevent system failures and we have installed back-up systems and procedures to prevent or reduce disruption, such steps may not be sufficient to prevent an interruption of services and our disaster recovery planning may not account for all eventualities. Further, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

An operational failure or outage in any of these systems, or damage to or destruction of these systems, which causes disruptions in our services, could result in loss of customers, damage to customer relationships, reduced revenues and profits, refunds of customer charges and damage to our brand and reputation and may require us to incur substantial additional expense to repair or replace damaged equipment and recover data loss caused by the interruption. Any one or more of the foregoing occurrences could have a material adverse effect on our reputation, business, financial condition and results of operations.

If we are unable to successfully perform under the terms of our alliance with IBM or our customers are not receptive to the alliance, our business, financial condition and/or results of operations may be adversely affected.

In December 2007, we entered into a Master Alliance Agreement and certain other related agreements with IBM to create a strategic alliance between us and IBM (the "Alliance"). Pursuant to the Alliance Agreement, we agreed to enable our payment application software products on certain of IBM's hardware platforms, including the IBM System z Platform and we agreed to enter into collective sales and marketing efforts with IBM to offer a combination of ACI and IBM solutions. We cannot be certain that we will be able to successfully enable our products on IBM's hardware platforms or that our customers and potential customers will be receptive to this Alliance or our new sales and marketing strategy. If we are unable to enable our software products on the IBM hardware platforms or the market does not react positively to the Alliance, our business, financial condition and/or results of operations could be materially adversely affected.

Our outsourcing agreement with IBM may not achieve the level of savings that we anticipate and many associated changes in systems and personnel are being made, increasing operational and control risk during transition, which may have an impact on the business and its financial condition.

Our seven-year outsourcing agreement with IBM is estimated to deliver operating cost savings for us of $25 million to $30 million over the course of the contract and reduce our capital expenditures. The estimated cost savings and capital expenditure reductions are dependent upon many factors, and unanticipated changes in operations may cause actual cost savings and capital expenditure reductions to be substantially less than expected.

In addition, as a part of the outsourcing agreement, many functions have been transitioned to IBM and many new personnel are assuming responsibilities across these functions, increasing the risk of operational delays, potential errors and control failures which may have an impact on us and our financial condition. Additionally, new information technology systems and process changes are also being put into place increasing the risk of operational delays, potential errors and control failures which may have an adverse impact on us and our financial condition.

Our software products may contain undetected errors or other defects, which could damage our reputation with customers, decrease profitability, and expose us to liability.

Our software products are complex. Software typically contains bugs or errors that can unexpectedly interfere with the operation of the software products. Our software products may contain undetected errors or flaws when first introduced or as new versions are released. These undetected errors may result in loss of, or delay in, market acceptance of our products and a corresponding loss of sales or revenues. Customers depend upon our products for mission-critical applications, and these errors may hurt our reputation with customers. In addition, software product errors or failures could subject us to product liability, as well as performance and warranty claims, which could materially adversely affect our business, financial condition and/or results of operations.

Security breaches or computer viruses could harm our business by disrupting delivery of services and damaging our reputation.

As part of our business, we electronically receive, process, store, and transmit sensitive business information of our customers. Unauthorized access to our computer systems or databases could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. These concerns about security are increased when we transmit information over the Internet. Security breaches in connection with the delivery of our products and services, including products and services utilizing the Internet, or well-publicized security breaches, and the trend toward broad consumer and general public notification of such incidents, could significantly harm our business, financial condition and/or results of operations. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology protecting our networks and confidential information. Computer viruses have also been distributed and have rapidly spread over the Internet. Computer viruses could infiltrate our systems, disrupting our delivery of services and making our applications unavailable. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and terminate their agreements with us, and could inhibit our ability to attract new customers.

If our products and services fail to comply with government regulations and industry standards to which our customers are subject, it could result in a loss of customers and decreased revenue.

Our customers are subject to a number of government regulations and industry standards with which our products and services must comply. For example, our products are affected by VISA and MasterCard electronic payment standards that are generally updated twice annually. In addition, action by regulatory authorities relating to credit availability, data usage, privacy, or other related regulatory developments could have an adverse effect on our customers and therefore could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to comply with privacy regulations imposed on providers of services to financial institutions, our business could be harmed.

As a provider of services to financial institutions, we may be bound by the same limitations on disclosure of the information we receive from our customers as apply to the financial institutions themselves. If we are subject to these limitations and we fail to comply with applicable regulations, we could be exposed to suits for breach of contract or to governmental proceedings, our customer relationships and reputation could be harmed, and we could be inhibited in our ability to obtain new customers. In addition, if more restrictive privacy laws or rules are adopted in the future on the federal or state level, or, with respect to our international operations, by authorities in foreign jurisdictions on the national, provincial, state, or other level, that could have an adverse impact on our business.

We may be unable to protect our intellectual property and technology and may be subject to increasing litigation over our intellectual property rights.

To protect our proprietary rights in our intellectual property, we rely on a combination of contractual provisions, including customer licenses that restrict use of our products, confidentiality agreements and procedures, and trade secret and copyright laws. Despite such efforts, we may not be able to adequately protect our proprietary rights, or our competitors may independently develop similar technology, duplicate products, or design around any rights we believe to be proprietary. This may be particularly true in countries other than the United States because some foreign laws do not protect proprietary rights to the same extent as certain laws of the United States. Any failure or inability to protect our proprietary rights could materially adversely affect our business.

There has been a substantial amount of litigation in the software industry regarding intellectual property rights. Third parties have in the past, and may in the future, assert claims or initiate litigation related to exclusive patent, copyright, trademark or other intellectual property rights to business processes, technologies and related standards that are relevant to us and our customers. These assertions have increased over time as a result of the general increase in patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the electronic commerce field, the secrecy of some pending patents and the rapid issuance of new patents, it is not economical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. Any claim against us, with or without merit, could be time-consuming, result in costly litigation, cause product delivery delays, require us to enter into royalty or licensing agreements or pay amounts in settlement, or require us to develop alternative non-infringing technology.

We anticipate that software product developers and providers of electronic commerce solutions could increasingly be subject to infringement claims, and third parties may claim that our present and future products infringe upon their intellectual property rights. Third parties may also claim, and we are aware that at least two parties have claimed on several occasions, that our customers' use of a business process method which utilizes our products in conjunction with other products infringe on the third-party's intellectual property rights. These third-party claims could lead to indemnification claims against us by our customers. Claims against our customers related to our products, whether or not meritorious, could harm our reputation and reduce demand for our products. Where indemnification claims are made by customers, resistance even to unmeritorious claims could damage the customer relationship. A successful claim by a third-party of intellectual property infringement by us or one of our customers could compel us to enter into costly royalty or license agreements, pay significant damages, or stop selling certain products and incur additional costs to develop alternative non-infringing technology. Royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all, which could adversely affect our business.

Our exposure to risks associated with the use of intellectual property may be increased for third-party products distributed by us or as a result of acquisitions since we have a lower level of visibility, if any, into the development process with respect to such third-party products and acquired technology or the care taken to safeguard against infringement risks.

Risks associated with future acquisitions and investments could materially adversely affect our business.

We may acquire new products and services or enhance existing products and services through acquisitions of other companies, product lines, technologies and personnel, or through investments in other companies. During the fiscal year 2009, we acquired certain assets from Essentis. During fiscal 2007, we acquired Visual Web and Stratasoft. Any acquisition or investment, including the acquisitions of the Essentis assets, Visual Web and Stratasoft, is subject to a number of risks. Such risks include the diversion of management time and resources, disruption of our ongoing business, dilution to existing stockholders if our common stock is issued in consideration for an acquisition or investment, incurring or assuming indebtedness or other liabilities in connection with an acquisition, lack of familiarity with new markets, and difficulties in supporting new product lines.

Further, even if we successfully complete acquisitions, we face challenges in integrating any acquired business. These challenges include eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures, and achieving cost reductions and cross-selling opportunities. There can be no assurance that we will be able to fully integrate all aspects of acquired businesses successfully or fully realize the potential benefits of bringing them together, and the process of integrating these acquisitions may disrupt our business and divert our resources.

Our failure to successfully manage acquisitions or investments, or successfully integrate acquisitions could have a material adverse effect on our business, financial condition and/or results of operations. Correspondingly, our expectations related to the benefits related to the Essentis, Visual Web and Stratasoft acquisitions, prior acquisitions or any other future acquisition or investment could be inaccurate.

We may become involved in litigation that could materially adversely affect our business financial condition and/or results of operations.

From time to time, we are involved in litigation relating to claims arising out of our operations. Any claims, with or without merit, could be time-consuming and result in costly litigation. Failure to successfully defend against these claims could result in a material adverse effect on our business, financial condition, results of operations and/or cash flows.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

We lease office space in New York, New York for our principal executive headquarters. We also lease office space in Omaha, Nebraska, for our principal product development group, sales and support groups for the Americas, as well as our corporate, accounting and administrative functions. We moved into our new Omaha-based facility during the year ended December 31, 2008, which facility is under a lease that continues through 2028. Our EMEA headquarters is located in Watford, England. The lease for the Watford facility expires at the end of 2016. Our Asia/Pacific headquarters is located in Singapore, with the lease for this facility expiring in fiscal 2011. We also lease office space in numerous other locations in the United States and in many other countries.

We believe that our current facilities are adequate for our present and short-term foreseeable needs and that additional suitable space will be available as required. We also believe that we will be able to renew leases as they expire or secure alternate suitable space. See Note 17, “Commitments and Contingencies”, in the Notes to Consolidated Financial Statements for additional information regarding our obligations under our facilities leases.

ITEM 3. *LEGAL PROCEEDINGS*

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. Other than as described below, we are not currently a party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, we believe would be likely to have a material adverse effect on our financial condition or results of operations.

Class Action Litigation. In November 2002, two class action complaints were filed in the U.S. District Court for the District of Nebraska (the “Court”) against the Company and certain former officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Pursuant to a Court order, the two complaints were consolidated as Desert Orchid Partners v. Transaction Systems Architects, Inc., et al., with Genesee County Employees’ Retirement System designated as lead plaintiff. The complaints, as amended, sought unspecified damages, interest, fees, and costs and alleged that (i) during the purported class period, the Company and the former officers misrepresented the Company’s historical financial condition, results of operations and its future prospects, and failed to disclose facts that could have indicated an impending decline in the Company’s revenues, and (ii) prior to August 2002, the purported truth regarding the Company’s financial condition had not been disclosed to the market while simultaneously alleging that the purported truth about the Company’s financial condition was being disclosed throughout that time, commencing in April 1999. The Company and the individual defendants filed a motion to dismiss and the lead plaintiff opposed the motion. Prior to any ruling on the motion to dismiss, on November 7, 2006, the parties entered into a Stipulation of Settlement for purposes of settling all of the claims in the Class Action Litigation, with no admissions of wrongdoing by the Company or any individual defendant. The settlement provides for an aggregate cash payment of $24.5 million of which, net of insurance, the Company contributed approximately $8.5 million. The settlement was approved by the Court on March 2, 2007 and the Court ordered the case dismissed with prejudice against the Company and the individual defendants.

On March 27, 2007, James J. Hayes, a class member, filed a notice of appeal with the United States Court of Appeals for the Eighth Circuit appealing the Court's order. On August 13, 2008, the Court of Appeals affirmed the judgment of the district court dismissing the case. Thereafter, Mr. Hayes petitioned the Court of Appeals for a rehearing en banc, which petition was denied on September 22, 2008. Mr. Hayes filed a petition with the U.S. Supreme Court seeking a writ of certiorari which was docketed on February 20, 2009. On April 27, 2009, the Company was informed that Mr. Hayes' petition was denied.

ITEM 4. *SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS*

No matters were submitted to vote of stockholders during the fourth quarter of 2009.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Our common stock trades on The NASDAQ Global Select Market under the symbol ACIW. The following table sets forth, for the periods indicated, the high and low sale prices of our common stock as reported by The NASDAQ Global Select Market:

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	High	Low	High	Low
Fourth quarter	$ 17.97	$ 14.39	$ 17.94	$ 8.86
Third quarter	$ 15.98	$ 13.20	$ 22.49	$ 14.16
Second quarter	$ 20.32	$ 13.28	$ 23.19	$ 16.10
First quarter	$ 19.14	$ 15.90	$ 21.39	$ 12.32

As of February 25, 2010, there were 234 holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Dividends

We have never declared nor paid cash dividends on our common stock. We do not presently anticipate paying cash dividends. However, any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend upon our financial condition, capital requirements and earnings, as well as other factors the board of directors may deem relevant.

Issuer Purchases of Equity Securities

We did not repurchase any of our common stock during the three-month period ended December 31, 2009.

In fiscal 2005, we announced that our board of directors approved a stock repurchase program authorizing us, from time to time as market and business conditions warrant, to acquire up to $80 million of our common stock. In May 2006, our board of directors approved an increase of $30 million to the stock repurchase program, bringing the total of the approved program to $110 million. In March 2007, our board of directors approved an increase of $100 million to its current repurchase authorization, bringing the total authorization to $210 million, of which approximately $42 million remains available. In June 2007, we implemented this previously announced increase to our share repurchase program. There is no guarantee as to the exact number of shares that will be repurchased by us. Repurchased shares are returned to the status of authorized but unissued shares of common stock. In March 2005, our board of directors approved a plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of shares of common stock under the existing stock repurchase program. Under our Rule 10b5-1 plan, we have delegated authority over the timing and amount of repurchases to an independent broker who does not have access to inside information about the Company. Rule 10b5-1 allows us, through the independent broker, to purchase shares at times when we ordinarily would not be in the market because of self-imposed trading blackout periods, such as the time immediately preceding the end of the fiscal quarter through a period three business days following our quarterly earnings release. During the year ended December 31, 2009, we purchased 1,032,660 shares of common stock under this repurchase plan for $15 million. All shares were purchased in open market transactions.

ITEM 6. *SELECTED FINANCIAL DATA*

The following selected financial data has been derived from our consolidated financial statements. This data should be read together with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the consolidated financial statements and related notes included elsewhere in this Annual Report. The financial information below is not necessarily indicative of the results of future operations. Future results could differ materially from historical results due to many factors, including those discussed in Item 1A in the section entitled "Risk Factors."

	Years Ended December 31,		Three Months Ended December 31,	Years Ended September 30,		
	2009	2008	2007	2007	2006	2005
	(In thousands, except per share data)					
Income Statement Data:						
Total revenues	$405,755	$417,653	$101,282	$366,218	$347,902	$313,237
Net income (loss)(1)	$ 19,626	$ 10,582	$ (2,016)	$ (9,131)	$ 55,365	$ 43,099
Earnings (loss) per share:						
Basic	$ 0.57	$ 0.31	$ (0.06)	$ (0.25)	$ 1.48	$ 1.14
Diluted	$ 0.57	$ 0.30	$ (0.06)	$ (0.25)	$ 1.45	$ 1.12
Shares used in computing earnings (loss) per share:						
Basic	34,368	34,498	35,700	36,933	37,369	37,682
Diluted	34,554	34,795	35,700	36,933	38,237	38,507

	As of December 31,			As of September 30,		
	2009	2008	2007	2007	2006	2005
Balance Sheet Data:						
Working capital(2)	$ 78,662	$ 80,280	$ 39,585	$ 17,358	$ 67,932	$120,594
Total assets(2)	590,043	552,842	570,458	506,741	539,365	363,700
Current portion of debt	—	—	—	—	—	2,165
Debt (long-term portion)(2)(3)	77,408	76,014	75,911	76,546	78,093	905
Stockholders' equity(1)	236,063	213,841	241,039	225,012	267,212	217,438

(1) We adopted FAS 123(R)(codified as ASC 718) using the modified prospective transition method on October 1, 2005.

(2) On September 29, 2006, we acquired P&H Solutions, Inc. ("P&H"). The aggregate purchase price for P&H was approximately $134 million, of which $73 million was financed by long-term debt.

(3) Debt (long-term portion) also includes long-term capital lease obligations of $1.5 million, $1.0 million, $0.9 million, $1.5 million, $3.1 million, and $0.8 million as of December 31, 2009, 2008 and 2007, and

September 30, 2007, 2006, and 2005, respectively, which is included in other noncurrent liabilities in the consolidated balance sheets.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

OVERVIEW

We develop, market, install and support a broad line of software products and services primarily focused on facilitating electronic payments. In addition to our own products, we distribute, or act as a sales agent for, software developed by third parties. Our products are sold and supported through distribution networks covering three geographic regions — the Americas, EMEA and Asia/Pacific. Each distribution network has its own sales force and supplements its sales force with independent reseller and/or distributor networks. Our products and services are used principally by financial institutions, retailers and electronic payment processors, both in domestic and international markets. Accordingly, our business and operating results are influenced by trends such as information technology spending levels, the growth rate of the electronic payments industry, mandated regulatory changes, and changes in the number and type of customers in the financial services industry. Our products are marketed under the ACI Worldwide brand.

We derive a majority of our revenues from non-domestic operations and believe our greatest opportunities for growth exist largely in international markets. Refining our global infrastructure is a critical component of driving our growth. We have launched a globalization strategy which includes elements intended to streamline our supply chain and provide low-cost centers of expertise to support a growing international customer base. In fiscal 2006, we established a new subsidiary in Ireland to serve as the focal point for certain international product development and commercialization efforts. This subsidiary manages certain of our intellectual property rights. Since 2006 we have been growing low-cost centers of expertise in Timisoara in Romania and Bangalore in India. During 2009, we continued our efforts to try and take a direct selling and support strategy in certain countries where historically we have used third-party distributors to represent our products, in an effort to develop closer relationships with our customers and develop a stronger overall position in those countries.

On February 23, 2007, our board of directors approved a change in the Company's fiscal year from a September 30 fiscal year-end to a December 31 fiscal year-end, effective as of January 1, 2008 for the fiscal year ended December 31, 2008. In accordance with applicable SEC Rules, we filed a Transition Report on Form 10-Q for the transition period from October 1, 2007 to December 31, 2007, with the SEC on February 19, 2008. Accordingly, the consolidated financial statements included herein present our financial position as of December 31, 2009 and 2008, and the results of our operations, cash flows and changes in stockholders' equity for the years ended December 31, 2009 and 2008, the three-month period ended December 31, 2007, and the year ended September 30, 2007.

Key trends that currently impact our strategies and operations include:

- *Global Financial Markets Uncertainty.* The continuing uncertainty in the global financial markets has negatively impacted general business conditions. It is possible that a weakening economy could adversely affect our customers, their purchasing plans, or even their solvency, but we cannot predict whether or to what extent this will occur. We have diversified counterparties and customers, but we continue to monitor our counterparty and customer risks closely. While the effects of the economic conditions in the future are not predictable, we believe our global presence, the breadth and diversity of our service offerings and our enhanced expense management capabilities position us well in a slower economic climate. Market analysts, such as Boston Consulting Group, indicate that banks now recognize the importance of payments to their business, so providing services for that aspect of the business is of less risk than for other aspects of their business.
- *Availability of Credit.* There have been significant disruptions in the capital and credit markets during the past two years and many lenders and financial institutions have reduced or ceased to provide funding to borrowers. The availability of credit, confidence in the entire financial sector, and volatility in financial markets have been adversely affected. These disruptions are likely to have some impact on all institutions in

the U.S. banking and financial industries, including our lenders and the lenders of our customers. The Federal Reserve Bank has been providing vast amounts of liquidity into the banking system to compensate for weaknesses in short-term borrowing markets and other capital markets. A reduction in the Federal Reserve's activities or capacity could reduce liquidity in the markets, thereby increasing funding costs or reducing the availability of funds to finance our existing operations as well as those of our customers. We are not currently dependent upon short-term funding, and the limited availability of credit in the market has not affected our revolving credit facility or our liquidity or materially impacted our funding costs.

- *Increasing electronic payment transaction volumes.* Electronic payment volumes continue to increase around the world, taking market share from traditional cash and check transactions. A Boston Consulting Group 2009 report predicts that payments globally will grow at 8% per annum between 2008 and 2016, with varying growth rates based on the type of payment and part of the world. We leverage the growth in transaction volumes through the licensing of new systems to customers whose older systems cannot handle increased volume and through the licensing of capacity upgrades to existing customers.
- *Increasing competition.* The electronic payments market is highly competitive and subject to rapid change. Our competition comes from in-house information technology departments, third-party electronic payment processors and third-party software companies located both within and outside of the United States. Many of these companies are significantly larger than us and have significantly greater financial, technical and marketing resources. As electronic payment transaction volumes increase, third-party processors tend to provide competition to our solutions, particularly among customers that do not seek to differentiate their electronic payment offerings. As consolidation in the financial services industry continues, we anticipate that competition for those customers will intensify.
- *Adoption of open systems technology.* In an effort to leverage lower-cost computing technologies and current technology staffing and resources, many financial institutions, retailers and electronic payment processors are seeking to transition their systems from proprietary technologies to open technologies. Our continued investment in open systems technologies is, in part, designed to address this demand.
- *Electronic payments fraud and compliance.* As electronic payment transaction volumes increase, criminal elements continue to find ways to commit a growing volume of fraudulent transactions using a wide range of techniques. Financial institutions, retailers and electronic payment processors continue to seek ways to leverage new technologies to identify and prevent fraudulent transactions. Due to concerns with international terrorism and money laundering, financial institutions in particular are being faced with increasing scrutiny and regulatory pressures. We continue to see opportunity to offer our fraud detection solutions to help customers manage the growing levels of electronic payment fraud and compliance activity.
- *Adoption of smartcard technology.* In many markets, card issuers are being required to issue new cards with embedded chip technology. Chip-based cards are more secure, harder to copy and offer the opportunity for multiple functions on one card (e.g. debit, credit, electronic purse, identification, health records, etc.). The EMV standard for issuing and processing debit and credit card transactions has emerged as the global standard, with many regions throughout the world working on EMV rollouts. The primary benefit of EMV deployment is a reduction in electronic payment fraud, with the additional benefit that the core infrastructure necessary for multi-function chip cards is being put in place (e.g., chip card readers in ATMs and POS devices) allowing the deployment of other technologies like contactless. We are working with many customers around the world to facilitate EMV deployments, leveraging several of our solutions.
- *Single Euro Payments Area ("SEPA").* The SEPA, primarily focused on the European Economic Community and the United Kingdom, is designed to facilitate lower costs for cross-border payments and reduce timeframes for settling electronic payment transactions. Our retail and wholesale banking solutions facilitate key functions that help financial institutions address these mandated regulations.
- *Financial institution consolidation.* Consolidation continues on a national and international basis, as financial institutions seek to add market share and increase overall efficiency. Such consolidations have increased, and may continue to increase, in their number, size and market impact as a result of the global economic crisis and the financial crisis affecting the banking and financial industries. There are several

potential negative effects of increased consolidation activity. Continuing consolidation of financial institutions may result in a smaller number of existing and potential customers for our products and services. Consolidation of two of our customers could result in reduced revenues if the combined entity were to negotiate greater volume discounts or discontinue use of certain of our products. Additionally, if a non-customer and a customer combine and the combined entity in turn decides to forego future use of our products, our revenue would decline. Conversely, we could benefit from the combination of a non-customer and a customer when the combined entity continues use of our products and, as a larger combined entity, increases its demand for our products and services. We tend to focus on larger financial institutions as customers, often resulting in our solutions being the solutions that survive in the consolidated entity.

- *Electronic payments convergence.* As electronic payment volumes grow and pressures to lower overall cost per transaction increase, financial institutions are seeking methods to consolidate their payment processing across the enterprise. We believe that the strategy of using service-oriented-architectures to allow for re-use of common electronic payment functions such as authentication, authorization, routing and settlement will become more common. Using these techniques, financial institutions will be able to reduce costs, increase overall service levels, enable one-to-one marketing in multiple bank channels, leverage volumes for improved pricing and liquidity, and manage enterprise risk. Our Agile Payments Solution strategy is, in part, focused on this trend, by creating integrated payment functions that can be re-used by multiple bank channels, across both the consumer and wholesale bank. While this trend presents an opportunity for us, it may also expand the competition from third-party electronic payment technology and service providers specializing in other forms of electronic payments. Many of these providers are larger than us and have significantly greater financial, technical and marketing resources.

Several other factors related to our business may have a significant impact on our operating results from year to year. For example, the accounting rules governing the timing of revenue recognition in the software industry are complex and it can be difficult to estimate when we will recognize revenue generated by a given transaction. Factors such as maturity of the software product licensed, payment terms, creditworthiness of the customer, and timing of delivery or acceptance of our products often cause revenues related to sales generated in one period to be deferred and recognized in later periods. For arrangements in which services revenue is deferred, related direct and incremental costs may also be deferred. Additionally, while the majority of our contracts are denominated in the United States dollar, a substantial portion of our sales are made, and some of our expenses are incurred, in the local currency of countries other than the United States. Fluctuations in currency exchange rates in a given period may result in the recognition of gains or losses for that period. Also during the year ended September 30, 2007, we entered into two interest rate swaps with a commercial bank whereby we pay a fixed rate of 5.375% and 4.90% and receive a floating rate indexed to the 3-month LIBOR from the counterparty on a notional amount of $75 million and $50 million, respectively. During the year ended December 31, 2009, the Company elected 1-month LIBOR as the variable-rate benchmark for its revolving facility and changed its interest rate to 5.195%. The Company also amended its interest rate swap on the $75 million notional amount from 3-month LIBOR to 1-month LIBOR. This basis swap did not impact the maturity date of the interest rate swap or the accounting. Fluctuations in interest rates in a given period may result in the recognition of gains or losses for that period.

We continue to seek ways to grow, through organic sources, partnerships, alliances, and acquisitions. We continually look for potential acquisitions designed to improve our solutions' breadth or provide access to new markets. As part of our acquisition strategy, we seek acquisition candidates that are strategic, capable of being integrated into our operating environment, and financially accretive to our financial performance.

International Business Machines Corporation Alliance

On December 16, 2007, we entered into the Alliance with IBM relating to joint marketing and optimization of our electronic payments application software and IBM's middleware and hardware platforms, tools and services. On March 17, 2008, the Company and IBM entered into Amendment No. 1 to the Alliance ("Amendment No. 1" and included hereafter in all references to the "Alliance"), which changed the timing of certain payments to be made by IBM. Under the terms of the Alliance, each party will retain ownership of its respective intellectual property and will independently determine product offering pricing to customers. In connection with the formation of the Alliance, we granted warrants to IBM to purchase up to 1,427,035 shares of our common stock at a price of $27.50

per share and up to 1,427,035 shares of our common stock at a price of $33.00 per share. The warrants are exercisable for five years.

The stated initial term of the Alliance is five years, subject to extension for successive two-year terms if not previously terminated by either party and subject to earlier termination for cause.

During the year ended December 31, 2008, the Company received an additional payment from IBM of $37.3 million per Amendment No. 1. This payment, less the cost of technical enablements, has been recorded in the Alliance agreement liability in the accompanying consolidated balance sheet as of December 31, 2009. This amount represents a prepayment of funding for technical enablement milestones and incentive payments to be earned under the Alliance and related agreements and, accordingly, a portion of this payment is subject to refund by the Company to IBM under certain circumstances. As of December 31, 2009, $20.7 million is refundable subject to achievement of future milestones. No additional payments were received in 2009 relating to Amendment No. 1 of this agreement.

International Business Machines Corporation Outsourcing Agreement

On March 17, 2008, we entered into a Master Services Agreement ("Outsourcing Agreement") with IBM to outsource our internal information technology ("IT") environment to IBM. Under the terms of the Outsourcing Agreement, IBM provides us with global IT infrastructure services including the following services, which were previously provided by our employees: cross functional delivery management services, asset management services, help desk services, end user services, server system management services, storage management services, data network services, enterprise security management services and disaster recovery/business continuity plans (collectively, the "IT Services"). We retain responsibility for our security policy management and on-demand business operations.

The initial term of the Outsourcing Agreement is seven years, which commenced on March 17, 2008. We have the right to extend the Outsourcing Agreement for one additional one-year term unless otherwise terminated in accordance with the terms of the Outsourcing Agreement. Under the Outsourcing Agreement, we retain the right to terminate the agreement both for cause and for convenience. However, upon any termination of the Outsourcing Agreement by us for any reason (other than for material breach by IBM), we will be required to pay a termination charge to IBM, which charge may be material.

We pay IBM for the IT services through a combination of fixed and variable charges, with the variable charges fluctuating based on our actual need for such services as well as the applicable service levels and statements of work. Based on the currently projected usage of these IT services, we expect to pay $116 million to IBM in service fees and project costs over the initial seven-year term.

To protect our expectations regarding IBM's performance, the Outsourcing Agreement has performance standards and minimum services levels that IBM must meet or exceed. If IBM fails to meet a given performance standard, we would, in certain circumstances, receive a credit against the charges otherwise due.

Additionally, to assure that the charges under the Outsourcing Agreement do not become significantly higher than the market rate for such services, we have the right to periodically perform benchmark studies to determine whether IBM's price and performance are consistent with the then current market. We have the right to conduct such benchmark studies, at our cost, beginning in the second year of the Outsourcing Agreement.

Restructuring Plan

During the year ended December 31, 2009, we reduced our headcount by 120 employees as a part of our plan to reduce operating expenses. In connection with these actions, during the year ended December 31, 2009, approximately $2.9 million of termination costs were recognized in general and administrative expense in the accompanying consolidated statement of operations. The charges, by reportable segment, were as follows for the year ended December 31, 2009: $1.5 million in the Americas segment, $1.1 million in the EMEA reportable segment, and $0.3 million in the Asia/Pacific reportable segment. Approximately $2.6 million of these termination costs were paid during the year ended December 31, 2009. The remaining liability is expected to be paid over the next 12 months.

ACQUISITIONS

On February 7, 2007, we acquired Visual Web Solutions, Inc. Visual Web marketed trade finance and web-based cash management solutions, primarily to financial institutions in the Asia/Pacific region. Visual Web had a sales and customer support office in Singapore, and a product development facility in Bangalore, India. The aggregate purchase price of Visual Web, including direct costs of the acquisition, was $8.3 million, net of $1.1 million of cash acquired.

On April 2, 2007, we acquired Stratasoft Sdn. Bhd. Stratasoft was a Kuala Lumpur based company focused on the provision of mainframe based payments systems to the Malaysian market. Prior to the acquisition, Stratasoft had been a distributor of our OCM 24 product within the Malaysian market since 1995. The aggregate purchase price of Stratasoft, including direct costs of the acquisition, was $2.5 million, net of $0.7 million of cash acquired.

On November 17, 2009, the Company acquired certain intellectual property, trade names, customer contracts and working capital of Euronet Essentis Limited (“Essentis”), a division of Euronet Worldwide, Inc. Essentis, based in Watford, England, is a provider of card issuing and merchant acquiring solutions around the world. The aggregate purchase price of Essentis was 3.9 million British pounds sterling (approximately $6.6 million).

BACKLOG

Included in backlog estimates 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.

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.

In computing our 60-month backlog estimate, the following items are specifically not taken into account:

- Anticipated increases in transaction volumes in customer systems.
- Optional annual uplifts or inflationary increases in recurring fees.
- Services engagements, other than facilities management, are not assumed to renew over the 60-month backlog period.
- The potential impact of merger activity within our markets and/or customers.

We review our customer renewal experience on an annual basis. The impact of this review and subsequent update may result in a revision to the renewal assumptions used in computing the 60-month and 12-month backlog estimates. In the event a revision to renewal assumptions is determined to be necessary, prior periods will be adjusted for comparability purposes. Based on our annual review of customer renewal experience completed during the three months ended December 31, 2009, backlog results for all reported periods have been updated to reflect our most current customer renewal experience.

The following table sets forth our 60-month backlog estimate, by geographic region, as of December 31, 2009, September 30, 2009, June 30, 2009, March 31, 2009, and December 31, 2008 (in millions). Dollar amounts reflect foreign currency exchange rates as of each period end.

	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Americas	$ 850	$ 829	$ 819	$ 793	$ 773
EMEA	510	505	505	466	480
Asia/Pacific	157	156	155	153	157
Total	$ 1,517	$ 1,490	$ 1,479	$ 1,412	$ 1,410

Included in our 60-month backlog estimates are amounts expected to be recognized during the initial license term of customer contracts ("Committed Backlog") and amounts expected to be recognized from assumed renewals of existing customer contracts ("Renewal Backlog"). Amounts expected to be recognized from assumed contract renewals are based on our historical renewal experience. The estimated Committed Backlog and Renewal 60-month Backlog estimates as of December 31, 2009 are $764 million and $753 million, respectively.

We also estimate 12-month backlog, segregated between monthly recurring and non-recurring revenues, using a methodology consistent with the 60-month backlog estimate. Monthly recurring revenues include all monthly license fees, maintenance fees and processing services fees. Non-recurring revenues include other software license fees and services. Amounts included in our 12-month backlog estimate assume renewal of one-time license fees on a monthly fee basis if such renewal is expected to occur in the next 12 months. The following table sets forth our 12-month backlog estimate, by geographic region, as of December 31, 2009 and 2008 (in millions). Dollar amounts reflect currency exchange rates as of each period end.

	December 31, 2009			December 31, 2008		
	Monthly Recurring	Non-Recurring	Total	Monthly Recurring	Non-Recurring	Total
Americas	$ 149	$ 40	$ 189	$ 133	$ 40	$ 173
EMEA	89	37	126	73	37	110
Asia/Pacific	29	11	40	28	14	42
Total	$ 267	$ 88	$ 355	$ 234	$ 91	$ 325

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 amounts included in backlog estimates will actually generate the specified revenues or that the actual revenues will be generated within the corresponding 12-month or 60-month period. Additionally, because backlog estimates are operating metrics, the estimates are not subject to the same level of internal review or controls as a GAAP financial measure.

RESULTS OF OPERATIONS

During 2009, we refined the definition of our cost of software licenses fees in order to better conform to industry practice. Our definition of cost of software license fees has been revised to include third-party software royalties as well as the amortization of purchased and developed software for resale. Previously, cost of software license fees also included certain costs associated with maintaining software products that have already been developed and directing future product development efforts. These costs included human resource costs and other incidental costs related to product management, documentation, publications and education. These costs have now been reclassified to research and development and cost of maintenance and services. As a result of this change in definition of cost of software license fees, we reclassified $2.7 million, $0.2 million, and $1.6 million to the cost of maintenance and services from the cost of software license fees in the accompanying consolidated statements of operations for the year ended December 31, 2008, three months ended December 31, 2007, and year ended September 30, 2007. We reclassified $30.5 million, $6.6 million, and $20.6 million to research and development from cost of software license fees in the accompanying consolidated statements of operations for the year ended December 31, 2008, three months ended December 31, 2007, and year ended September 30, 2007. Additionally, $5.0 million of third-party royalties have been reclassified from cost of maintenance and services to cost of software license fees for the year ended December 31, 2008 to conform to the current period presentation.

Also for the year ended December 31, 2009, we reported depreciation and amortization expense (excluding amortization of purchased and developed software for resale) as a separate line item in the consolidated statements of operations. Previously, depreciation and amortization was allocated to functional line items of the consolidated statements of operations rather than being reported as a separate line item. As a result of disclosing depreciation and amortization as a separate line item, we reclassified $4.4 million from cost of software licenses fees, $5.4 million from cost of maintenance and services, $0.5 million from research and development, $0.8 million from selling and marketing, and $5.5 million from general and administrative for the year ended December 31, 2008. We reclassified $0.9 million from cost of software licenses fees, $1.4 million from cost of maintenance and services, $0.1 million from research and development, $0.1 million from selling and marketing, and $1.4 million from general and administrative for the three months ended December 31, 2007. We reclassified $2.6 million from cost of software licenses fees, $3.9 million from cost of maintenance and services, $0.4 million from research and development, $0.3 million from selling and marketing, and $4.5 million from general and administrative for the year ended September 30, 2007.

These reclassifications have been made to prior periods to conform to the current period presentation. These reclassifications did not impact total expenses or net income (loss) for the prior periods presented.

The following table presents the consolidated statements of operations as well as the percentage relationship to total revenues of items included in our Consolidated Statements of Operations (amounts in thousands):

	Years Ended December 31,				Year Ended September 30,	
	2009		2008		2007	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenues:						
Initial license fees (ILFs)	$ 83,321	20.5%	$ 94,999	22.7%	$ 87,341	23.8%
Monthly license fees (MLFs)	73,148	18.0%	74,211	17.8%	62,144	17.0%
Software license fees	156,469	38.6%	169,210	40.5%	149,485	40.8%
Maintenance fees	136,737	33.7%	130,015	31.1%	121,233	33.1%
Services	112,549	27.7%	118,428	28.4%	95,500	26.1%
Total revenues	405,755	100.0%	417,653	100.0%	366,218	100.0%
Expenses:						
Cost of software license fees	14,754	3.6%	12,846	3.1%	9,145	2.5%
Cost of maintenance and services	112,893	27.8%	117,087	28.0%	95,691	26.1%
Research and development	77,506	19.1%	75,850	18.2%	78,950	21.6%
Selling and marketing	61,799	15.2%	73,236	17.5%	69,957	19.1%
General and administrative	79,244	19.5%	100,272	24.0%	94,762	25.9%
Depreciation and amortization	17,989	4.4%	16,649	4.0%	15,294	4.2%
Total expenses	364,185	89.8%	395,940	94.8%	363,799	99.3%
Operating income	41,570	10.2%	21,713	5.2%	2,419	0.7%
Other income (expense):						
Interest income	1,042	0.3%	2,609	0.6%	4,082	1.1%
Interest expense	(2,856)	(0.7)%	(5,013)	(1.2)%	(6,644)	(1.8)%
Other, net	(6,648)	(1.6)%	8,247	2.0%	(3,740)	(1.0)%
Total other income (expense)	(8,462)	(2.1)%	5,843	1.4%	(6,302)	(1.7)%
Income (loss) before income taxes	33,108	8.2%	27,556	6.6%	(3,883)	(1.1)%
Income tax expense	13,482	3.3%	16,974	4.1%	5,248	1.4%
Net income (loss)	$ 19,626	4.8%	$ 10,582	2.5%	$ (9,131)	(2.5)%

2009 Compared to 2008

The following discussion of the results of operations compares the year ended December 31, 2009 to the year ended December 31, 2008.

Revenues

Total revenues for the year ended December 31, 2009 decreased $11.9 million, or 2.8%, as compared to the same period in 2008. The decrease is the result of a $12.7 million, or 7.5%, decrease in software license fee revenue and a $5.9 million, or 5.0%, decrease in services revenues, partially offset by a $6.7 million, or 5.2%, increase in maintenance fee revenue. Included in the years ended December 31, 2009 and 2008 was approximately $7.3 million and $7.1 million, respectively, of revenue related to acquired businesses.

The decline in total revenues for the year ended December 31, 2009 as compared to the year ended December 31, 2008 was due to a $32.0 million decrease, or 18.9%, in the EMEA reportable segment. During the year ended December 31, 2008, we recognized approximately $18.0 million of revenues associated with certain Faster Payments implementations in the United Kingdom. Of this amount, approximately $5.3 million is reported in initial license fees revenue, $0.6 million is reported in maintenance fees, and approximately $12.1 million is reported as services revenue.

The decline in total revenues in the EMEA reportable segment was offset by increases in the Americas and Asia/Pacific reportable segments of $15.6 million, or 7.5%, and $4.5 million, or 10.9%, respectively, compared to fiscal 2008. Excluding the impact of the Faster Payments implementations, EMEA declined $14.0 million, or 8.3%, compared to fiscal 2008. This was primarily the result of a decline in initial license fees due to the timing and structure of customer renewal and capacity related events. EMEA was also negatively impacted by approximately $8.5 million due to changes in foreign currencies during the year ended December 31, 2009 as compared to the year ended December 31, 2008.

Software License Fee Revenues

Customers purchase the right to license ACI software for the term of their agreement which term is generally 60 months. Within these agreements are specified capacity limits typically based on transaction volumes. ACI employs measurement tools that monitor the number of transactions processed by customers and if contractually specified limits are exceeded, additional fees are charged for the overage. Capacity overages may occur at varying times throughout the term of the agreement depending on the product, the size of the customer, and the significance of customer transaction volume growth. Depending on specific circumstances, multiple overages or no overages may occur during the term of the agreement.

Initial License Fee (ILF) Revenue

ILF revenues during the year ended December 31, 2009 compared to the year ended December 31, 2008 decreased by $11.7 million. The EMEA reportable segment decreased by $26.4 million, offset by increases in the Americas and Asia/Pacific reportable segments of $13.9 million and $0.8 million, respectively. The increases were driven by recognition of ILF revenues associated with new deals or term renewals signed during the year as well as customer “go-live” events that occurred throughout the year. The decline in ILF revenues in the EMEA reportable segment is largely attributable to ILF revenues from certain Faster Payments implementations during the year ended December 31, 2008 that did not repeat in the year-ended December 31, 2009. The EMEA reportable segment was also negatively impacted by the timing and structure of certain customer renewal and capacity events some of which are required to be recognized ratably as Monthly License Fee Revenue rather than as a one-time fee. Included in the overall ILF increase are capacity related revenue increases of $11.9 million and $0.8 million in the Americas and Asia/Pacific reportable segments, respectively, offset by a decrease of $10.9 million in the EMEA reportable segment, within the year ended December 31, 2009 as compared to the year ended December 31, 2008.

Monthly License Fee (MLF) Revenue

The $1.1 million decrease in MLF revenues during the year ended December 31, 2009, as compared to the year ended December 31, 2008, is due to a $2.2 million decline in the Americas reportable segment offset by increases in the EMEA and Asia/Pacific reportable segments of $0.3 million and $0.8 million, respectively. Within this decrease is a $5.1 million decrease in the amount of paid up-front revenue recognized ratably by customers in the Americas reportable segment offset by a $4.0 million increase in license and capacity fees that are both invoiced and recognized monthly or quarterly. Approximately $4.0 million of the decrease in MLF revenue is due to paid up-front revenue recognized ratably during the year ended December 31, 2008 that was short-term in nature, and did not recur in 2009.

Maintenance Fee Revenue

Maintenance fee revenue includes standard and enhanced maintenance or any post contract support fees received from customers for the provision of product support services. Maintenance fee revenues increased $6.7 million, or 5.2%, during the year ended December 31, 2009, as compared to the same period in 2008.

Maintenance fee revenue increased in all reportable segments as compared to the year ended December 31, 2008 with increases of $4.7 million in the Americas reportable segment, $1.2 million in the EMEA reportable segment, and $0.8 million in the Asia/Pacific reportable segment. Increases in maintenance fee revenues are primarily driven by an increase in the customer installation base as well as expanded product usage.

Services Revenue

Services revenue includes fees earned through implementation services, professional services and processing services. Implementation services include product installations, product upgrades, CSMs and product education. Professional services include business consultancy, technical consultancy, on site support services, CSMs, product education, and testing services. Processing services include hosting, on-demand, and facilities management services.

Services revenues declined by $5.9 million for the year ended December 31, 2009, as compared to the same period in 2008, of which implementation and professional services decreased by $8.0 million while processing services increased by $2.1 million. Implementation and professional services declined in the Americas and EMEA reportable segments by $3.0 million and $7.2 million, respectively. These declines were offset by an increase of $2.2 million in the Asia/Pacific reportable segment. The decline in the EMEA reportable segment was primarily due to approximately $12.1 million of services revenue from certain Faster Payments implementations recognized in the year ended December 31, 2008 that did no recur in the year ended December 31, 2009. The increase in processing services revenue is primarily due to increased usage and adoption of our on-demand and hosted product offerings in the Americas reportable segment as compared to the year ended December 31, 2008.

Expenses

Total operating expenses for the year ended December 31, 2009 decreased $31.8 million, or 8.0%, as compared to the same period in 2008. Total expenses decreased primarily as a result of a $21.0 million, or 21.0%, decrease in general and administrative costs, a $4.2 million, or 3.6%, decrease in cost of maintenance and services, and a $11.4 million, or 15.6%, decrease in selling and marketing expenses, partially offset by a $1.7 million, or 2.2%, increase in research and development, a $1.9 million, or 14.9%, increase in cost of software licenses fees, and a $1.3 million, or 8.0% increase in depreciation and amortization.

Cost of Software License Fees

The cost of software licenses for our products sold includes third party software royalties as well as the amortization of purchased and developed software for resale. In general, the cost of software licenses for our products is minimal because we internally develop most of the software components, the cost of which is reflected in research and development expense as it is incurred.

Cost of software licenses increased $1.9 million, or 14.9%, in the year ended December 31, 2009 compared to the same period in 2008. Third-party software royalty expense increased $1.6 million as a result of an increase in license revenue associated with certain products that include a corresponding royalty expense. Amortization of purchased and developed software for resale was $5.7 million and $5.4 million for the years ended December 31, 2009 and 2008, respectively.

Cost of Maintenance and Services

Cost of maintenance and services includes costs to provide hosting services and both the costs of maintaining our software products at customer sites as well as the service costs required to deliver, install and support software at customer sites. Maintenance costs include the efforts associated with providing the customer with upgrades, 24-hour helpdesk, post go-live (remote) support and production-type support for software that was previously installed at a customer location. Service costs include human resource costs and other incidental costs such as travel and training required for both pre go-live and post go-live support. Such efforts include project management, delivery, product customization and implementation, installation support, consulting, configuration, and on-site support.

Cost of maintenance and services for the year ended December 31, 2009 decreased $4.2 million, or 3.6%, compared to the same period in 2008 due to a $2.9 million reduction in personnel and related costs primarily as a result of previously announced headcount reductions and the strengthening of the U.S. dollar. Additionally, the cost of maintenance and services for the year ended December 31, 2008 included $2.8 million of additional costs related to the recognition of previously deferred expenses primarily associated with the completion of certain Faster Payments implementations in the EMEA reportable segment and a large multi-product implementation in the Americas reportable segment. Approximately $1.2 million of the decrease was the result of personnel reallocated to general and administrative functions to invest in our new regional general manager organization. These decreases were partially offset by $2.7 million of additional costs resulting from our outsourced information technology services.

Research and Development

Research and development (“R&D”) expenses are primarily human resource costs related to the creation of new products, improvements made to existing products and the costs associated with maintaining software products that have already been developed. Examples of maintaining software products include product management, documentation, publications and education. Continued R&D effort on existing products addresses issues, if any, related to regulatory requirements and processing mandates as well as compatibility with new operating system releases and generations of hardware.

R&D expense for the year ended December 31, 2009 increased $1.7 million or 2.2%, as compared to the same period in 2008 primarily due to $2.7 million higher costs resulting from our outsourced information technology services under the IBM Outsourcing Agreement. This increase was partially offset by $1.0 million of lower personnel and related costs as a result of previously announced headcount reductions and the strengthening of the U.S. dollar.

Selling and Marketing

Selling and marketing includes both the costs related to selling our products to current and prospective customers as well as the costs related to promoting the Company, its products and the research efforts required to measure customers’ future needs and satisfaction levels. Selling costs are primarily the human resource and travel costs related to the effort expended to license our products and services to current and potential clients within defined territories and/or industries as well as the management of the overall relationship with customer accounts. Selling costs also include the costs associated with assisting distributors in their efforts to sell our products and services in their respective local markets. Marketing costs include costs needed to promote the Company and its products as well as perform or acquire market research to help us better understand what products our customers are looking for in the future. Marketing costs also include the costs associated with measuring customers’ opinions toward the Company, our products and personnel.

Selling and marketing expense for the year ended December 31, 2009 decreased $11.4 million, or 15.6%, compared to the same period in 2008 primarily as a result of a decrease in personnel and related costs as a result of previously announced headcount reductions and the strengthening of the U.S. dollar. Approximately $2.8 million of the decrease was the result of personnel reallocated to general and administrative functions to invest in our new regional general manager organization.

General and Administrative

General and administrative expenses are primarily human resource costs including executive salaries and benefits, personnel administration costs, and the costs of corporate support functions such as legal, administrative, human resources and finance and accounting.

General and administrative expense for the year ended December 31, 2009 decreased $21.0 million, or 21.0%, compared to the same period in 2008. The year ended December 31, 2008 included $7.5 million of expenses for Transition Services incurred and $1.7 million of severance expense incurred related to the IBM Outsourcing Agreement, while the year ended December 31, 2009 included $0.3 million of expenses for Transition Services incurred. The year ended December 31, 2008 included $6.2 million of expenses related to termination costs while the year ended December 31, 2009 included $2.9 million of termination costs. In addition, general and administrative expenses decreased $5.2 million due to lower personnel and related costs as a result of previously announced headcount reductions and the strengthening of the U.S. dollar. The remaining decrease in general and administrative expenses is primarily a result of a $1.0 million decrease in data communication costs, a $1.0 million decrease in software maintenance costs, a $0.7 million decrease in costs incurred related to rent and other expenses associated with moving into our new Omaha facility, and a $0.9 million decrease in professional fee expenses, all due to an emphasis on cost savings as well as a strengthening of the U.S. dollar.

Depreciation and Amortization

Depreciation includes depreciation on property and equipment primarily consisting of computer and office equipment, furniture and fixtures and leasehold improvements. Amortization includes amortization of acquired intangibles consisting primarily of customer relationships, purchased contracts and trademarks and trade names. Amortization also includes various software that has been acquired or developed for internal use. Amortization of acquired software marketed for external sale is recorded in cost of software license fees in the accompanying consolidated statements of operations. Depreciation and amortization expense for the year ended December 31, 2009 increased $1.3 million, or 8.0%, compared to the same period in 2008 as a result of higher capital expenditures.

Other Income and Expense

Interest income for the year ended December 31, 2009 decreased $1.6 million, or 60.1%, as compared to the same period in 2008. The decrease in interest income is due to a decrease in interest rates during the year ended December 31, 2009 as compared to the same period in 2008.

Interest expense for the year ended December 31, 2009 decreased $2.2 million, or 43.0%, as compared to the same period in 2008 due to lower interest rates.

Other income and expense consists of foreign currency gains and losses, and other non-operating items. Other expense for the year ended December 31, 2009 was $6.6 million as compared to other income for the same period in 2008 of $8.2 million. Comparative changes in other income and expense amounts were attributable to fluctuating currency rates which impacted the amounts of foreign currency gains or losses recognized by us during the respective fiscal years and the loss on the change in fair value of our interest rate swaps. We realized $5.3 million in net foreign currency losses during the year ended December 31, 2009 as compared with a $13.8 million foreign currency gain during the same period in 2008. We realized losses on the change in the fair value of interest rate swaps of $1.6 million and $5.8 million for the years ended December 31, 2009 and December 31, 2008, respectively. These losses were partially offset by a $1.0 million and $0.2 million gain under a contractual arrangement for the years ended December 31, 2009 and 2008, respectively.

Income Taxes

The effective tax rates for the years ended December 31, 2009 and 2008 were approximately 40.7% and 61.6%, respectively. Our effective tax rate each year varies from our federal statutory rate because we operate in multiple foreign countries where we apply their tax laws and rates which vary from those that we apply to the income we generate from our domestic operations. The effective tax rate for both years was higher than the U.S. effective rate of 35% due to the impact of our inability to recognize income tax benefits during the period resulting from losses sustained in certain tax jurisdictions where the future utilization of the losses are uncertain and by the recognition of tax expense associated with the transfer of certain intellectual property rights from U.S. to non-U.S. entities. The year ended December 31, 2009 was positively impacted by adjustments to unrecognized tax benefits of $1.6 million.

2008 Compared to 2007

The following discussion of the results of operations compares the year ended December 31, 2008 to the year ended September 30, 2007.

Revenues

Total revenues for the year ended December 31, 2008 increased $51.4 million, or 14.0%, compared to the year ended September 30, 2007 as a result of a $19.7 million, or 13.2%, increase in software license fee revenues, an $8.8 million, or 7.2%, increase in maintenance fee revenues, and a $22.9 million, or 24.0%, increase in services revenues.

During the year ended December 31, 2008, we recognized approximately $18.0 million of revenues associated with certain Faster Payments implementations in the United Kingdom. Of this amount, approximately $5.3 million is reported in initial license fees revenue, $0.6 million is reported in maintenance fees, and approximately $12.1 million is reported as services revenue.

The remainder of the software license fees and services revenue increase is due to the completion of various customer implementation projects resulting in revenue recognition of previously deferred amounts that typically result in increases to non-recurring initial license fee and services revenues. Completion of customer implementation projects also allows us to begin recognition of recurring maintenance fees which will result in a gradual increase in maintenance fees revenues over time.

The Company has also reduced its emphasis on non-recurring license fees most notably with renewals or term extensions for existing customers. The increase in monthly license fees can be attributed to these efforts in addition to completing certain implementation projects as noted above. In certain instances, customers elect to pay their recurring license and / or capacity fees annually. While recurring in nature, these annually recurring revenues are included as initial license fees.

Software License Fee Revenues

Customers purchase the right to license ACI software for the term of their agreement which term is generally 60 months. Within these agreements are specified capacity limits typically based on transaction volumes. ACI employs measurement tools that monitor the number of transactions processed by customers and if contractually specified limits are exceeded, additional fees are charged for the overage. Capacity overages may occur at varying times throughout the term of the agreement depending on the product, the size of the customer, and the significance of customer transaction volume growth. Depending on specific circumstances, multiple overages or no overages may occur during the term of the agreement.

Initial License Fee (ILF) Revenue

ILF revenues during the year ended December 31, 2008 compared to the year ended September 30, 2007 increased by $7.7 million. The EMEA and Asia/Pacific reportable segments increased by $14.0 million and $0.7 million, respectively, offset by a decrease in the Americas reportable segment of $7.0 million. The increases were driven by recognition of ILF revenues associated with new deals or term renewals signed during the year as well as customer “go-live” events that occurred throughout the year, most notably the Faster Payments implementations in the United Kingdom. The decline in ILF revenues in the Americas reportable segment is largely attributable to certain agreements being recognized ratably as Monthly License Fee Revenue rather than as a one-time fee as discussed below. Included in the above are capacity related revenue increases of $6.9 million in the EMEA reportable reportable segment offset by a decrease of $3.9 million in the Americas reportable reportable segment, within the year ended December 31, 2008 as compared to the year ended September 30, 2007.

Monthly License Fee (MLF) Revenue

The $12.1 million increase in MLF revenues during the year ended December 31, 2008, as compared to the year ended September 30, 2007, is primarily in the America’s reportable reportable segment with only modest changes in both the EMEA and Asia/Pacific reportable segments. Within this increase is an $8.1 million increase in the amount of paid up-front revenue recognized ratably by customers in the Americas reportable reportable segment and a $4.0 million increase in license and capacity fees that are both invoiced and recognized monthly or quarterly. Approximately $4.0 million of the increase in MLF revenue is due to paid up-front revenue that is recognized ratably, is short-term in nature, and is not expected to recur in future periods.

Maintenance Fee Revenue

The increase in maintenance fee revenues during the year ended December 31, 2008, compared to the year ended September 30, 2007, is primarily a result of an increase in the number of customers that achieved live status, primarily in the Americas and EMEA reportable reportable segments, subsequent to September 30, 2007.

Services Revenue

Services revenue increased $22.9 million, or 24.0%, for the year ended December 31, 2008, primarily as a result of an increase in implementation services revenue in the EMEA reportable reportable segment, and to a lesser extent, the Americas and Asia/Pacific reportable reportable segments. The increase in the EMEA reportable reportable segment was largely attributable to $12.1 million of revenues associated with Faster Payments implementations. The remainder of the increase is primarily related to the completion of certain customer implementations allowing for the recognition of cumulative services performed over the duration of the project.

Expenses

Total operating expenses for the year ended December 31, 2008 increased $32.1 million, or 8.8%, compared to the year ended September 30, 2007 as a result of a $21.4 million, or 22.4%, increase in cost of maintenance and services, a $5.5 million, or 5.8%, increase in general and administrative costs, a $3.7 million, or 40.5%, increase in cost of software license fees, a $3.3 million, or 4.7%, increase in cost of selling and marketing and a $1.4 million, or 8.9% increase in depreciation and amortization expense. These increases were partially offset by a $3.1 million, or 3.9%, decrease in research and development costs.

Cost of Software License Fees

The cost of software license fees for the year ended December 31, 2008 increased compared to the year ended September 30, 2007 by $3.7 million or 40.5%. Third-party software royalty expense increased $3.5 million as a result of an increase in license revenue associated with certain products that include a corresponding royalty expense. Amortization of purchased and developed software for resale was $5.4 million and $5.2 million for the years ended December 31, 2008 and September 30, 2007, respectively.

Cost of Maintenance and Services

Cost of maintenance and services for the year ended December 31, 2008 increased compared to the year ended September 30, 2007 as a result of higher personnel and related costs of $19.4 million required primarily to support the implementation services for the increase in large complex multi-product installations. Costs of maintenance and services also increased as a result of the recognition of $2.8 million of previously deferred expenses associated with the completion of certain Faster Payments implementations in the EMEA reportable operating segment and a large multi-product implementation in the Americas operating segment offset by an increase of $2.1 million in additional deferred implementation costs for various products currently being installed and a decrease of $0.9 million related to IBM deferred implementation costs. Additionally, cost of maintenance and services increased $1.6 million from higher third party software maintenance expense compared to the year ended September 30, 2007. The remaining $0.6 million increase is related to miscellaneous items including insurance, telecommunications, and facilities costs.

Research and Development

R&D expense for the year ended December 31, 2008 decreased as compared to the year ended September 30, 2007, due primarily to $3.2 million of reimbursement from IBM for certain expenditures determined to be direct and incremental to satisfying the technical enablement milestones under the Alliance and are recorded as a reduction of R&D expense.

Selling and Marketing

Selling and marketing expense for the year ended December 31, 2008 increased $3.3 million compared to the year ended September 30, 2007 primarily as a result of an increase of $1.6 million in personnel and related costs and $0.7 million in advertising and promotional expenses to support the 2008 sales plan and Alliance joint sales and marketing initiatives. In addition, selling and marketing expenses increased as a result of a $0.4 million increase in professional fees and a $0.6 million increase in telecommunications and facilities costs.

General and Administrative

General and administrative expense for the year ended December 31, 2008 increased $5.5 million compared to the year ended September 30, 2007. Included in the year ended September 30, 2007, with no corresponding amount during the year ended December 31, 2008, were approximately $11.9 million of expenses related to the historical stock option review. Included in the year ended December 31, 2008, with no corresponding amounts during the year ended September 30, 2007, were $7.5 million of expenses for Transition Services related to the IBM Outsourcing Agreement. In addition, general and administrative expense increased $5.1 million as a result of the services performed under the IBM Outsourcing Agreement offset by a $2.2 million reduction in personnel and related costs due to the headcount reduction associated with the outsource agreement. The remaining increase in general and administrative expenses is primarily the result of a $3.9 million increase in severance expense, $1.9 million increase in professional fees primarily related to the 2008 restructuring activities and related reinvestments, and $1.0 million of consulting expense incurred for the development of our corporate management office and $0.2 million of costs incurred related to moving into our new Omaha facility.

Depreciation and Amortization

Depreciation and amortization expense increased $1.4 million during the year ended December 31, 2008 compared to the year ended September 30, 2007 as a result of higher capital expenditures and as a result of a full year of depreciation and amortization related to fiscal year 2007 acquisitions.

Other Income and Expense

Other income and expense includes interest income and expense, foreign currency gains and losses, and other non-operating items. Fluctuating currency rates impacted the year ended December 31, 2008 by $13.8 million in net foreign currency gains, compared to $1.9 million net loss during the year ended September 30, 2007. A $5.8 million loss on change in fair value of interest rate swaps was incurred during the year ended December 31, 2008, compared to a $2.1 million loss in the year ended September 30, 2007. Interest income for the year ended December 31, 2008 decreased $1.5 million, or 36.1%, as compared to the year ended September 30, 2007 as a result of lower interest rates and interest income on an amended income tax return in 2007 that did not recur in 2008. Interest expense decreased $1.6 million, or 24.5%, for the year ended December 31, 2008 compared to the year ended September 30, 2007 as a result of lower interest rates and interest expense on income tax returns in 2007 that did not recur in 2008.

Income Taxes

The effective tax rate for the year ended December 31, 2008 was 61.6%. The effective tax rate is higher than the U.S. effective rate of 35% due to the impact of our inability to recognize income tax benefits during the period resulting from losses sustained in certain tax jurisdictions where the future utilization of the losses are uncertain and by the recognition of tax expense associated with the transfer of certain intellectual property rights from U.S. to non-U.S. entities. The effective tax rate for the year ended September 30, 2007 was (135.2)%. This rate was negative due to a tax charge compared to a pretax loss, primarily related to reporting losses in countries in which we are unable to record a tax benefit and reporting profits in countries where we do record a tax charge.

Segment Results

The following table presents revenues and operating income (loss) for the periods indicated by geographic region (in thousands):

	Years Ended December 31, 2009	Years Ended December 31, 2008	Year Ended September 30, 2007
Revenues:			
Americas	$ 222,952	$ 207,350	$ 195,775
EMEA	137,061	169,046	133,776
Asia/Pacific	45,742	41,257	36,667
	$ 405,755	$ 417,653	$ 366,218
Operating income (loss):			
Americas	$ 42,091	$ 21,714	$ 14,578
EMEA	7,210	2,140	(16,942)
Asia/Pacific	(7,731)	(2,141)	4,783
	$ 41,570	$ 21,713	$ 2,419

Transition Period Ended December 31, 2007 compared to Quarter Ended December 31, 2006

The following table presents the consolidated statements of operations as well as the percentage relationship to total revenues of items included in our Consolidated Statements of Operations (amounts in thousands):

	Three Months Ended December 31,			
	2007		2006	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenues:				
Initial license fees (ILFs)	$ 30,274	29.9%	$ 25,948	27.8%
Monthly license fees (MLFs)	15,992	15.8%	15,237	16.3%
Software license fees	46,266	45.6%	41,185	44.1%
Maintenance fees	32,167	31.8%	28,729	30.8%
Services	22,849	22.6%	23,375	25.1%
Total revenues	101,282	100.0%	93,289	100.0%
Expenses:				
Cost of software licenses fees	2,483	2.5%	1,865	2.0%
Cost of maintenance and services	23,530	23.2%	23,614	25.3%
Research and development	22,945	22.7%	18,637	20.0%
Selling and marketing	20,587	20.3%	18,078	19.4%
General and administrative	25,011	24.7%	22,514	24.1%
Depreciation and amortization	3,874	3.8%	3,616	3.9%
Total expenses	98,430	97.2%	88,324	94.7%
Operating income	2,852	2.8%	4,965	5.3%
Other income (expense):				
Interest income	763	0.8%	885	0.9%
Interest expense	(1,389)	(1.4)%	(1,460)	(1.6)%
Other, net	(334)	(0.3)%	(293)	(0.3)%
Total other income (expense)	(960)	(0.9)%	(868)	(0.9)%
Income before income taxes	1,892	1.9%	4,097	4.4%
Income tax expense	3,908	3.9%	1,476	1.6%
Net income (loss)	$ (2,016)	(2.0)%	$ 2,621	2.8%

Revenues

Total revenues for the three months ended December 31, 2007 increased $8.0 million, or 8.6%, as compared to the same period of 2006. Included in the three months ended December 31, 2007 revenue with no corresponding amount in the same period of 2006 was approximately $0.8 million of revenue related to the acquisitions of Visual Web and Stratasoft. Excluding the impact of the acquired businesses, total revenues increased primarily as a result of a $5.1 million, or 12.3%, increase in software license fee revenues, a $3.1 million, or 10.7%, increase in maintenance fee revenues partially offset by a $1.0 million or 4.2% decrease in services revenue.

The increase in software license fee revenues, excluding the impact of Visual Web and Stratasoft, during the three months ended December 31, 2007, as compared to the same period of 2006, is primarily due to greater license and capacity fee revenues in the Americas and EMEA reportable operating segments. This increase is primarily due to increased capacity requirements for existing customers which is often combined with the renewal of license term.

The increase in maintenance fee revenues, excluding the impact of Visual Web and Stratasoft, during the three months ended December 31, 2007, as compared to the same period of 2006, is primarily a result of an increase in the number of customers in the EMEA reportable operating segment that achieved go live status since December 31, 2006.

The decrease in services revenues, excluding the impact of Visual Web and Stratasoft, during the three months ended December 31, 2007, as compared to the same period of 2006, resulted from a $1.3 million or a 17.7% decline of implementation services primarily in the EMEA reportable operating segment. This was a result of a series of large projects that were completed during the three months ended December 31, 2006. Recognition of implementation services is often a function of timing, as in this case, which drives variances between years. Processing services increased by $0.8 million or 10.7%, driven primarily by Enterprise Banker application services growth offset by the cancellation of a facilities management contract in the Americas reportable operating segment.

Expenses

Total operating expenses for the three months ended December 31, 2007 increased $10.1 million, or 11.4%, as compared to the same period of 2006. Included in the three months ended December 31, 2007 operating expenses with no corresponding amount in the same period of 2006 was approximately $2.3 million of operating expenses related to acquired businesses.

Total expenses increased primarily as a result of a $0.6 million, or 33.1%, increase in the cost of software license fees, a $4.3 million, or 23.1% increase in research and development costs, a $2.5 million, or 13.9%, increase in selling and marketing costs, a $2.5 million, or 11.1% increase in general and administrative costs, and a $0.3 million, or 7.1% increase in depreciation and amortization, offset by a $0.1 million, or 0.4%, decrease in maintenance and service costs.

Cost of software license fees for the three months ended December 31, 2007 increased $0.6 million compared with the same period of 2006 primarily due to an increase in third-party software royalty expenses as a result of an increase in license revenue associated with certain products that include a corresponding royalty expense.

Cost of maintenance and services for the three months ended December 31, 2007 decreased $0.1 million, or 0.4%, as compared to the same period of 2006.

Research and development (“R&D”) costs for the three months ended December 31, 2007 increased $4.3 million, or 23.1%, as compared to the same period of 2006. The increase resulted primarily from expenses associated with B24-eps R&D activities, build-out of ACI On Demand and other software optimization efforts.

Selling and marketing costs for the three months ended December 31, 2007 increased $2.5 million, or 13.9%, as compared to the same period of 2006. The increase resulted from an approximate $2.0 million increase in commissions driven by a relative increase in sales activity partly attributable to the change from a fiscal year to a calendar year-end. The remaining expense was driven by timing of advertising and promotions activities.

General and administrative costs for the three months ended December 31, 2007 increased $2.5 million, or 11.1%, as compared to the same period of 2006. Included in the three months ended December 31, 2007, were $3.0 million of accounting and tax professional fees, $1.3 million of expense associated with early termination of the corporate jet lease, $0.7 million of restructuring and other employee related expense, $0.5 million of professional fees to support the Alliance, $0.5 million of increased rent and utilities expense related to improvements made in our United Kingdom and Canada facilities and $0.4 million of other expenses offset by $1.3 million for release of the accrual related to LTIP Performance Shares granted in fiscal 2005 and 2006. Approximately $2.6 million of the expenses incurred in the three months ended December 31, 2006, with no corresponding amount during the same period in 2007, related to the historical stock option review and management analysis.

Depreciation and amortization expense for the three months ended December 31, 2007 increased $0.3 million, or 7.1% compared to the same period in 2006 as a result of higher capital expenditures.

Other Income and Expense

Other income and expense includes interest income and expense, foreign currency gains and losses, and other non-operating items. Fluctuating currency rates impacted the three months ended December 31, 2007 by $1.9 million in net foreign currency gains, as compared with $0.6 million in net losses during the same period in 2006. A $2.5 million loss on change in fair value of interest rate swaps was incurred during the three months ended December 31, 2007 with no corresponding amount in the same period of 2006. Interest income for the three months ended December 31, 2007 decreased $0.1 million or 13.8% as compared to the corresponding period of 2006. Interest expense was consistent for the three months ended December 31, 2007 and 2006.

Income Taxes

The effective tax rate for the three months ended December 31, 2007 and 2006 was approximately 206.6% and 36.0%, respectively. The effective tax rate for the three months ended December 31, 2007 was negatively impacted by losses in foreign countries in which the Company was not able to record tax benefits. The effective tax rate for the three months ended December 31, 2006 was positively impacted primarily by a U.S. tax law change during the quarter that extended the research and development tax credit and negatively impacted primarily by the recognition of tax expense associated with the transfer of certain intellectual property rights out of the U.S.

Segment Results

The following table presents revenues and operating income (loss) for the periods indicated by geographic region (in thousands):

	Three Months Ended December 31,	
	2007	2006
Revenues:		
Americas	$ 49,618	$ 47,134
EMEA	43,094	37,555
Asia/Pacific	8,570	8,600
	$ 101,282	$ 93,289
Operating income (loss):		
Americas	$ 2,883	$ 2,622
EMEA	403	697
Asia/Pacific	(434)	1,646
	$ 2,852	$ 4,965

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2009, our principal sources of liquidity consisted of $125.9 million in cash and cash equivalents and up to $75.0 million of unused borrowings under our revolving credit facility. The amount of unused borrowings actually available under the revolving credit facility varies in accordance with the terms of the agreement. We believe that the amount currently available along with our current cash balance provides sufficient liquidity for at least the next twelve month period. We are not currently dependent upon short-term funding, and the limited availability of credit in the market has not affected our revolving credit facility, our liquidity or materially impacted our funding costs. We had bank borrowings of $75.0 million outstanding under our revolving credit facility as of December 31, 2009. However, due to the existing uncertainty in the capital and credit markets and the impact of the current economic crisis on our operating results and financial conditions, the amount of available unused borrowings under our existing credit facility may be insufficient to meet our needs and/or our access to capital outside of our existing credit facility may not be available on terms acceptable to us or at all. Additionally, if one or more of the financial institutions in our syndicate were to default on its obligation to fund its commitment, the portion of the committed facility provided by such defaulting financial institution would not be available to us. We cannot assure you that alternative financing on acceptable terms would be available to replace any defaulted commitments.

In connection with funding the purchase of P&H, as discussed in Note 6, "Debt" in the Notes to Consolidated Financial Statements, on September 29, 2006, we entered into a five year revolving credit facility with a syndicate of financial institutions, as lenders, providing for revolving loans and letters of credit in an aggregate principal amount not to exceed $150 million. We have the option to increase the aggregate principal amount to $200 million. The facility has a maturity date of September 29, 2011. Obligations under the facility are unsecured and uncollateralized, but are jointly and severally guaranteed by certain of our domestic subsidiaries.

The credit facility contains certain affirmative and negative covenants including certain financial measurements. The facility also provides for certain events of default. The facility does not contain any subjective acceleration features and does not have any required payment or principal reduction schedule and is included as a non-current liability in our consolidated balance sheet.

On August 27, 2007, we entered into an amendment to our credit agreement which amended the definition of consolidated EBITDA, as it relates to the calculation for our debt covenants, to exclude certain non-recurring items and to incorporate the change in our fiscal year end to a calendar year, effective January 1, 2008.

We have previously obtained certain extensions and may continue to seek additional extensions under our credit facilities. The extensions waived certain potential breaches of representations and covenants under our credit facilities and established extended deadlines for the delivery of certain financial reports during the period in which we were not current with our SEC reporting obligations. At December 31, 2009 and December 31, 2008, (and at all times during these periods) we were in compliance with our debt covenants.

We may select either a base rate loan or a LIBOR based loan. Base rate loans are computed at the national prime interest rate plus a margin ranging from 0% to 0.125%. LIBOR based loans are computed at the applicable LIBOR rate plus a margin ranging from 0.625% to 1.375%. The margins are dependent upon our total leverage ratio at the end of each quarter.

On October 5, 2006, we exercised our right to convert the rate on our initial borrowing to the LIBOR based option, thereby reducing the effective interest rate to 6.12%. The interest rate in effect at December 31, 2009 was 1.0%. There is also an unused commitment fee to be paid annually of 0.15% to 0.3% based on our leverage ratio. The initial principal borrowings of $75 million were outstanding at December 31, 2009. There is $75 million remaining under the credit facility for future borrowings.

On July 18, 2007, we entered into an interest rate swap with a commercial bank whereby we paid a fixed rate of 5.375% and received a floating rate indexed to the 3-month LIBOR (5.36% at inception) from the counterparty on a notional amount of $75 million. The swap effective date was July 20, 2007, and terminates on October 4, 2010. The variable rate was set to re-price quarterly for both swaps originally.

During the year ended December 31, 2009, we elected 1-month LIBOR as the variable-rate benchmark for our revolving facility. We also amended our interest rate swap on the $75 million notional amount from the 3-month LIBOR to 1-month LIBOR. This basis swap did not impact the maturity date of the interest rate swap or the accounting.

On August 16, 2007, we entered into an interest rate swap with a commercial bank whereby we pay a fixed rate of 4.90% and receive a floating rate indexed to the 3-month LIBOR from the counterparty on a notional amount of $50 million. The swap effective date is October 4, 2007, and terminates on October 4, 2010. The variable rate will be first determined on the effective date and will re-price quarterly. See Note 7, "Derivative Instruments and Hedging Activities", in the Notes to Consolidated Financial Statements for further detail.

Since these interest rate swaps do not qualify for hedge accounting under Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification" or "ASC") 815, Derivatives and Hedging, (previous GAAP reference was *Statement of Financial Accounting Standard ("SFAS") No. 133, Accounting for Derivatives and Hedging Instruments*), changes in market interest rates will impact our earnings. See Item 7A, Quantitative and Qualitative Disclosures About Market Risk and Note 7, “Derivative Instruments and Hedging Activities”, in the Notes to Consolidated Financial Statements.

In fiscal 2005, we announced that our board of directors approved a stock repurchase program authorizing us, from time to time as market and business conditions warrant, to acquire up to $80 million of our common stock. In May 2006, our board of directors approved an increase of $30 million to the stock repurchase program, bringing the total of the approved program to $110 million. In March 2007, our board of directors approved an increase of $100 million to its current repurchase authorization, bringing the total authorization to $210 million, of which approximately $42 million remains available. In June 2007, we implemented this previously announced increase to our share repurchase program. There is no guarantee as to the exact number of shares that will be repurchased by us. Repurchased shares are returned to the status of authorized but unissued shares of common stock. In March 2005, our board of directors approved a plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of shares of common stock under the existing stock repurchase program. Under our Rule 10b5-1 plan, we have delegated authority over the timing and amount of repurchases to an independent broker who does not have access to inside information about the Company. Rule 10b5-1 allows us, through the independent broker, to purchase shares at times when we ordinarily would not be in the market because of self-imposed trading blackout periods, such as the time immediately preceding the end of the fiscal quarter through a period three business days following our quarterly earnings release. During the year ended December 31, 2009, we purchased 1,032,660 shares of common stock under this repurchase plan for $15 million. All shares were purchased in open market transactions.

We may also decide to use cash to acquire new products and services or enhance existing products and services through acquisitions of other companies, product lines, technologies and personnel, or through investments in other companies.

Cash Flows

The following table sets forth summary cash flow data for the periods indicated. Please refer to this summary as you read our discussion of the sources and uses of cash in each year (amounts in thousands).

	Years Ended December 31,		Year Ended September 30,
	2009	2008	2007
Net cash provided by (used in):			
Operating activities	$ 44,217	$ 77,826	$ 24,847
Investing activities	(23,367)	(16,956)	(25,964)
Financing activities	(14,056)	(27,687)	(50,005)

2009 compared to 2008

Net cash flows provided by operating activities during the year ended December 31, 2009 amounted to $44.2 million compared to net cash flows provided by operating activities of $77.8 million during the same period in 2008. The comparative period decrease in net cash flows from operating activities of $33.6 million principally resulted from the receipt of $40.9 million during 2008 from IBM pursuant to the terms of the IBM Alliance agreement. This item was partially offset by an increase in net income of $9.0 million for the year ended December 31, 2009 compared to the same period in 2008.

Net cash flows used in investing activities totaled $23.4 million during the year ended December 31, 2009 compared to $17.0 million used during the same period in 2008. This $6.4 million increase in cash used was primarily driven by the $6.6 million of cash paid to acquire Essentis intellectual property, trade names, customer contracts, and working capital during the year ended December 31, 2009. In addition, we used $7.5 million for purchases of software and distribution rights during the year ended December 31, 2009 compared to $4.9 million during the same period in 2008. These uses of cash were partially offset by a decrease of $4.1 million in cash used for purchases of property and equipment during the year ended December 31, 2009 compared to same period in 2008.

Net cash flows used in financing activities totaled $14.1 million during the year ended December 31, 2009 compared to net cash flows used of $27.7 million during the same period in 2008. In the years ended December 31, 2009 and 2008, we used cash of $15.0 million and $30.1 million, respectively, to purchase shares of our common stock under the stock repurchase program. We also made payments to third-party financial institutions, primarily related to debt and capital leases, totaling $1.6 million and $3.3 million during the years ended December 31, 2009 and 2008, respectively. During the years ended December 31, 2009 and 2008, we received proceeds of $1.9 million and $4.0 million, respectively, including corresponding excess tax benefits, from the exercises of stock options.

We realized a $6.2 million increase in cash during the year ended December 31, 2009 and a $17.2 million decrease in cash during the same period in 2008 related to foreign exchange rate variances.

2008 compared to 2007

Net cash flows provided by operating activities during the year ended December 31, 2008 amounted to $77.8 million as compared to $24.8 million during the year ended September 30, 2007. The comparative period increase in net cash flows from operating activities of $53.0 million was principally the result of the following items: $40.9 million received from IBM primarily for prepayment of estimated incentives payments pursuant to the terms of the Alliance, an increase of $19.7 million from net income of $10.6 million during the year ended December 31, 2008 compared to a net loss of $9.1 million during the year ended September 30, 2007, the payment of $10.6 million for P&H acquisition-related compensation charges during the year ended September 30, 2007, the payment of a class action litigation settlement of $8.5 million during the year ended September 30, 2007, and an increase in accruals for other expenses of $1.5 million during the year ended December 31, 2008. Additionally, non-cash expense increased by $16.1 million during the year ended December 31, 2008 for items including depreciation, amortization, deferred taxes, and the interest rate swaps. These items were partially offset by decreased cash collections on customer receivables and decreased deferred revenues during the year ended December 31, 2008 as compared to the year ended September 30, 2007 of $44.3 million.

Net cash flows used in investing activities totaled $17.0 million during the year ended December 31, 2008 as compared to $26.0 million used in investing activities during the year ended September 30, 2007. During the year ended December 31, 2008, we used cash of $12.0 million to purchase software, property and equipment and $6.3 million for costs related to fulfillment of the technical enablement milestones under the Alliance. We also used cash of $0.2 million for contingency payments on prior acquisitions. These uses of cash were partially offset during the year ended December 31, 2008, by $1.5 million received from IBM for reimbursement of estimated capitalizable technical enablement milestones costs pursuant to the terms of the Alliance. During the year ended September 30, 2007, we used cash of $6.1 million to pay costs related to the second closing of the purchase of eps AG, $0.7 million related to the P&H acquisition, $8.3 million for the acquisition of Visual Web, $2.5 million for the acquisition of Stratasoft, and other direct acquisition costs. These uses of cash were partially offset during the year ended September 30, 2007 by $0.5 million in proceeds from an asset transfer. We also used cash of $8.9 million to purchase software, property and equipment during the year ended September 30, 2007.

Net cash flows used in financing activities totaled $27.7 million during the year ended December 31, 2008 as compared to net cash flows used of $50.0 million during the year ended September 30, 2007. During the years ended December 31, 2008 and September 31, 2007, we used cash of $30.1 million and $46.7 million, respectively, to purchase shares of our common stock under the stock repurchase program. We also made payments to third-party financial institutions, primarily related to debt and capital leases, totaling $3.3 million and $3.4 million during the years ended December 31, 2008 and September 30, 2007, respectively. During the years ended December 31, 2008 and September 30, 2007, we received proceeds of $4.0 million and $0.1 million, respectively, including corresponding excess tax benefits, from the exercises of stock options. During the year ended December 31, 2008, we received proceeds of $1.7 million for the issuance of common stock for purchases under our Employee Stock Purchase Plan.

We realized a $17.2 million decrease in cash during the year ended December 31, 2008 and a $1.8 million increase in cash during year ended September 30, 2007 related to foreign exchange rate variances.

Transition Period Ended December 31, 2007 compared to Quarter Ended December 31, 2006

The following table sets forth summary cash flow data for the periods indicated. Please refer to this summary as you read our discussion of the sources and uses of cash in each period (amounts in thousands).

	Three Months Ended December 31,	
	2007	2006
Net cash provided by (used in):		
Operating activities	$12,123	$ 611)
Investing activities	5,898	(13,836)
Financing activities	20,382	(6,085)

Net cash flows provided by operating activities for the three months ended December 31, 2007 amounted to $12.1 million as compared to net cash flows used by operating activities of $0.6 million during the same period in 2006. The comparative period increase in net cash flows from operating activities of $12.7 million was principally the result of the following items: $8.5 million paid during the three months ended December 31, 2006 for settlement of the class action lawsuit, a $16.1 million increase in deferred revenue and a decrease in accruals for other expenses of $21.1 million in the three months ended December 31, 2007. These items were partially offset by a net loss of $2.0 million for the three months ended December 31, 2007 as compared to net income of $2.6 million for the same period in 2006 and decreased cash collections on customer receivables of $27.1 million in the three months ended December 31, 2007 as compared to the same period in 2006 and decreased non-cash expenses of $1.3 million, such as depreciation, amortization, change in fair value of interest rate swaps and deferred taxes.

Net cash flows provided by investing activities totaled $5.9 million in the three months ended December 31, 2007 as compared to $13.8 million used in investing activities during the same period in 2006. During the three months ended December 31, 2007, we used cash of $47,000 for a contingency payment under the S2 Systems, Inc. purchase agreement. We also used cash of $3.9 million to purchase software, property and equipment. These uses of cash flow were offset in the three months ended December 31, 2007 by $9.3 million received related to the Alliance and $0.5 million in proceeds from asset transferred under contractual arrangement. During the three months ended December 31, 2006, we used cash of $2.5 million to increase our holdings of marketable securities and $5.1 million to purchase software, property and equipment. We also used cash of $6.2 million for the acquisition of eps AG and $0.6 million related to the acquisition of P&H during the three months ended December 31, 2006. These uses of cash were partially offset in the three months ended December 31, 2006 by $0.5 million provided by assets transferred under contractual arrangement.

Net cash flows provided by financing activities totaled $20.4 million in the three months ended December 31, 2007 as compared to net cash flows used of $6.1 million during the same period in 2006. In the three months ended December 31, 2007 and 2006, we used cash of $4.0 million and $4.4 million, respectively, to purchase shares of our common stock under the stock repurchase program. We also made payments to third-party financial institutions, primarily related to debt and capital leases, totaling $0.6 million and $1.5 million during the three months ended December 31, 2007 and 2006, respectively. In 2007 and 2006, we received proceeds of $0.7 million and $42,000, respectively, including corresponding excess tax benefits, from the exercises of stock options. In the three months ended December 31, 2007, we received $24.0 million for issuance of common stock warrants related to the Alliance and $0.3 million in proceeds for the issuance of common stock for a purchase under our Employee Stock Purchase Plan.

We also realized a $2.2 million decrease in cash during the three months ended December 31, 2007 compared to a $0.3 million increase in cash during the same period of 2006 related to foreign exchange rate variances.

Contractual Obligations and Commercial Commitments

We lease office space and equipment under operating leases that run through August 2028, and also lease certain property under capital lease agreements that expire in various years through 2013. Additionally, we have entered into a long term credit facility agreement that expires in 2011. Under the Outsourcing Agreement with IBM, we will pay IBM for IT services through a combination of fixed and variable charges subject to actual services needed, applicable service levels and statements of work. The total amount paid is subject to a minimum commitment as provided in the Outsourcing Agreement. Contractual obligations as of December 31, 2009 are as follows (in thousands):

	Payments due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations					
Operating lease obligations	$ 62,454	$ 9,422	$ 13,088	$ 9,494	$ 30,450
Capital leases	2,452	765	1,403	284	—
Long-term credit facility	75,000	—	75,000	—	—
Long-term credit facility interest(1)	1,313	750	563	—	—
IBM Outsourcing Minimum Commitment	82,357	8,225	16,045	15,613	42,474
Net Settlement Payments on Interest Rate Swaps(2)	5,258	5,258	—	—	—
Total	$ 223,576	$ 19,162	$ 106,099	$ 25,391	$ 72,924

(1) Based upon the interest rate in effect at December 31, 2009 of 1% excluding the effects of interest rate swaps.

(2) Based upon the interest rates in effect at December 31, 2009.

We are unable to reasonably estimate the ultimate amount or timing of settlement of our reserves for income taxes under ASC 740, *Income Taxes* (previous GAAP reference was *FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes*). The liability for unrecognized tax benefits at December 31, 2009 is $10.9 million.

The following table discloses aggregate information about our derivative financial instruments as of December 31, 2009, the source of fair value of these instruments and their maturities (amounts in thousands).

	Fair Value of Contracts at Period-End				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Source of fair value					
Derivative financial instruments(1)	$ 5,271	$ 5,271	$ —	$ —	$ —
Total	$ 5,271	$ 5,271	$ —	$ —	$ —

(1) Fair value of interest rate swaps at December 31, 2009 was provided by the counter-party to the underlying contract.

Off-Balance Sheet Arrangements

We do not have any obligations that meet the definition of an off-balance sheet arrangement and that have or are reasonably likely to have a material effect on our consolidated financial statements.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe to be proper and reasonable under the circumstances. We continually evaluate the appropriateness of estimates and assumptions used in the preparation of our consolidated financial statements. Actual results could differ from those estimates.

The following key accounting policies are impacted significantly by judgments, assumptions and estimates used in the preparation of the consolidated financial statements. See Note 1, "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements for a further discussion of revenue recognition and other significant accounting policies.

Revenue Recognition

For software license arrangements for which services rendered are not considered essential to the functionality of the software, we recognize revenue upon delivery, provided (1) there is persuasive evidence of an arrangement, (2) collection of the fee is considered probable, and (3) the fee is fixed or determinable. In most arrangements, because vendor-specific objective evidence of fair value does not exist for the license element, we use the residual method to determine the amount of revenue to be allocated to the license element. Under the residual method, the fair value of all undelivered elements, such as post contract customer support or other products or services, is deferred and subsequently recognized as the products are delivered or the services are performed, with the residual difference between the total arrangement fee and revenues allocated to undelivered elements being allocated to the delivered element. For software license arrangements in which we have concluded that collectibility issues may exist, revenue is recognized as cash is collected, provided all other conditions for revenue recognition have been met. In making the determination of collectibility, we consider the creditworthiness of the customer, economic conditions in the customer's industry and geographic location, and general economic conditions.

Our sales focus continues to shift from our more-established products to more complex arrangements involving multiple products inclusive of our BASE24-eps product and less-established (collectively referred to as "newer") products. As a result of this shift to newer products and more complex, multiple product arrangements, absent other factors, we initially experience an increase in deferred revenue and a corresponding decrease in current period revenue due to differences in the timing of revenue recognition for the respective products. Revenues from newer products are typically recognized upon acceptance or first production use by the customer whereas revenues from mature products, such as BASE24, are generally recognized upon delivery of the product, provided all other conditions for revenue recognition have been met. For those arrangements where revenues are being deferred and we determine that related direct and incremental costs are recoverable, such costs are deferred and subsequently expensed as the revenues are recognized. Newer products are continually evaluated by our management and product development personnel to determine when any such product meets specific internally defined product maturity criteria that would support its classification as a mature product. Evaluation criteria used in making this determination include successful demonstration of product features and functionality; standardization of sale, installation, and support functions; and customer acceptance at multiple production site installations, among others. A change in product classification (from newer to mature) would allow us to recognize revenues from new sales of the product upon delivery of the product rather than upon acceptance or first production use by the customer, resulting in earlier recognition of revenues from sales of that product, as well as related costs, provided all other revenue recognition criteria have been met. BASE24-eps was reclassified as a mature product as of October 1, 2006.

When a software license arrangement includes services to provide significant modification or customization of software, those services are not considered to be separable from the software. Accounting for such services delivered over time is referred to as contract accounting. Under contract accounting, we generally use the percentage-of-completion method. Under the percentage-of-completion method, we record revenue for the software license fee and services over the development and implementation period, with the percentage of completion generally measured by the percentage of labor hours incurred to-date to estimated total labor hours for each contract. Estimated total labor hours for each contract are based on the project scope, complexity, skill level requirements, and similarities with other projects of similar size and scope. For those contracts subject to contract accounting, estimates of total revenue and profitability under the contract consider amounts due under extended payment terms. For arrangements where we believe it is reasonably assured that no loss will be incurred under the arrangement and fair value for maintenance services does not exist, we use a zero margin approach of applying percentage-of-completion accounting until software customization services are completed. We exclude revenues due on extended payment terms from our current percentage-of-completion computation until such time that collection of the fees becomes probable.

Certain of our arrangements are through unrelated distributors or sales agents. In these situations, we evaluate additional factors such as the financial capabilities, the distribution capabilities, and risks of rebates, returns, or credits in determining whether revenue should be recognized upon sale to the distributor or sales agent ("sell-in") or upon distribution to an end-customer ("sell-through"). Judgment is required in evaluating the facts and circumstances of our relationship with the distributor or sales agent as well as our operating history and practices that can impact the timing of revenue recognition related to these arrangements.

We may execute more than one contract or agreement with a single customer. The separate contracts or agreements may be viewed as one multiple-element arrangement or separate arrangements for revenue recognition purposes. Judgment is required when evaluating the facts and circumstances related to each situation in order to reach appropriate conclusions regarding whether such arrangements are related or separate. Those conclusions can impact the timing of revenue recognition related to those arrangements.

Allowance for Doubtful Accounts

We maintain a general allowance for doubtful accounts based on our historical experience, along with additional customer-specific allowances. We regularly monitor credit risk exposures in our accounts receivable. In estimating the necessary level of our allowance for doubtful accounts, management considers the aging of our accounts receivable, the creditworthiness of our customers, economic conditions within the customer's industry, and general economic conditions, among other factors. Should any of these factors change, the estimates made by management would also change, which in turn would impact the level of our future provision for doubtful accounts. Specifically, if the financial condition of our customers were to deteriorate, affecting their ability to make payments, additional customer-specific provisions for doubtful accounts may be required. Also, should deterioration occur in general economic conditions, or within a particular industry or region in which we have a number of customers, additional provisions for doubtful accounts may be recorded to reserve for potential future losses. Any such additional provisions would reduce operating income in the periods in which they were recorded.

Intangible Assets and Goodwill

Our business acquisitions typically result in the recording of intangible assets, and the recorded values of those assets may become impaired in the future. As of December 31, 2009 and December 31, 2008 our intangible assets, excluding goodwill, net of accumulated amortization, were $26.9 and $30.3 million, respectively. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect the consolidated financial statements. We assess potential impairments to intangible assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Judgments regarding the existence of impairment indicators and future cash flows related to intangible assets are based on operational performance of our businesses, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions used, including estimates of future cash flows, volumes, market penetration and discount rates, are consistent with our internal planning. If these estimates or their related assumptions change in the future, we may be required to record an impairment charge on all or a portion of our intangible assets. Furthermore, we cannot predict the occurrence of future impairment-triggering events nor the impact such events might have on our reported asset values. Future events could cause us to conclude that impairment indicators exist and that intangible assets associated with acquired businesses is impaired. Any resulting impairment loss could have an adverse impact on our results of operations.

Other intangible assets are amortized using the straight-line method over periods ranging from 18 months to 12 years.

As of December 31, 2009 and 2008, our goodwill was $204.9, and $200.0 million, respectively. In accordance with ASC 350, *Intangibles — Goodwill and Other,* (previous GAAP guidance was "SFAS No. 142"), we assess goodwill for impairment annually during the fourth quarter of our fiscal year using October 1 balances or when there is evidence that events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. We evaluate goodwill at the reporting unit level and have identified our reportable segments, Americas, EMEA, and Asia/Pacific, as our reporting units. Recoverability of goodwill is measured using a discounted cash flow model incorporating discount rates commensurate with the risks involved. Use of a discounted cash flow model is common practice in impairment testing in the absence of available transactional market evidence to determine the fair value.

The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a weighted average cost of capital ("WACC"). The WACC considers market and industry data as well as

Company-specific risk factors. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and cash flow projections for each reporting unit. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates. If the calculated fair value is less than the current carrying value, impairment of the reporting unit may exist. If the recoverability test indicates potential impairment, we calculate an implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in a manner similar to how goodwill is calculated in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded to write down the carrying value. The calculated fair value was in excess of the current carrying value for all reporting units.

Stock-Based Compensation

Under the provisions of ASC 718 (*SFAS No. 123(R)*), stock-based compensation cost for stock option awards is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes option-pricing model and is recognized as expense ratably over the requisite service period. We recognize stock-based compensation costs for only those shares that are expected to vest. The impact of forfeitures that may occur prior to vesting is estimated and considered in the amount of expense recognized. Forfeiture estimates are revised in subsequent periods when actual forfeitures differ from those estimates. The Black-Scholes option-pricing model requires various highly judgmental assumptions including volatility and expected option life. If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation expense may differ materially for future awards from that recorded for existing awards.

We also have stock options outstanding that vest upon attainment by the Company of certain market conditions. In order to determine the grant date fair value of these stock options that vest based on the achievement of certain market conditions, a Monte Carlo simulation model is used to estimate (i) the probability that the performance goal will be achieved and (ii) the length of time required to attain the target market price.

Long term incentive program performance share awards ("LTIP Performance Shares") were granted during the years ended December 31, 2009 and September 30, 2007. These awards are earned based on the achievement over a specified period of performance goals related to certain performance metrics. In order to determine compensation expense to be recorded for these LTIP Performance Shares, each quarter management evaluates the probability that the target performance goals will be achieved, if at all, and the anticipated level of attainment.

During the year ended December 31, 2009 and 2008, pursuant to our 2005 Incentive Plan, we granted restricted share awards ("RSAs"). These awards have requisite service periods of four years and vest in increments of 25% on the anniversary dates of the grants. Under each arrangement, stock is issued without direct cost to the employee. We estimate the fair value of the RSAs based upon the market price of our stock at the date of grant. The RSA grants provide for the payment of dividends on our common stock, if any, to the participant during the requisite service period (vesting period) and the participant has voting rights for each share of common stock.

The assumptions utilized in the Black-Scholes option-pricing model as well as the description of the plans the stock-based awards are granted under are described in further detail in Note 13, "Stock-Based Compensation Plans", in the Notes to Consolidated Financial Statements.

Accounting for Income Taxes

Accounting for income taxes requires significant judgments in the development of estimates used in income tax calculations. Such judgments include, but are not limited to, the likelihood we would realize the benefits of net operating loss carryforwards and/or foreign tax credit carryforwards, the adequacy of valuation allowances, and the rates used to measure transactions with foreign subsidiaries. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which the Company operates. The judgments and estimates used are subject to challenge by domestic and foreign taxing authorities.

We account for income taxes in accordance with FASB Statement 109 (now codified as ASC 740) and have adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (now codified as ASC 740). As part of our process of determining current tax liability, we exercise judgment in evaluating positions we have taken in our tax returns. We periodically assess our tax exposures and establish, or adjust, estimated unrecognized benefits for probable assessments by taxing authorities, including the IRS, and various foreign and state authorities. Such unrecognized tax benefits represent the estimated provision for income taxes expected to ultimately be paid. It is possible that either domestic or foreign taxing authorities could challenge those judgments or positions and draw conclusions that would cause us to incur tax liabilities in excess of, or realize benefits less than, those currently recorded. In addition, changes in the geographical mix or estimated amount of annual pretax income could impact our overall effective tax rate.

To the extent recovery of deferred tax assets is not likely, we record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. Although we have considered future taxable income along with prudent and feasible tax planning strategies in assessing the need for a valuation allowance, if we should determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to deferred tax assets would be charged to income in the period any such determination was made. Likewise, in the event we are able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to deferred tax assets would increase income in the period any such determination was made.

Recently Issued Accounting Standards

In September 2009, the FASB required that the Codification be the single source of authoritative non-governmental guidance. The Codification is a topical based reorganization of the US GAAP guidance that replaces the previous four-tiered GAAP hierarchy with a two-tiered hierarchy consisting of authoritative and non-authoritative guidance. This reorganization does not change current GAAP guidance, rather only changes the way it is organized. We adopted the Codification as of September 30, 2009.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (“SFAS 141(R)”) (codified as ASC 805), which replaced SFAS 141. We adopted SFAS 141(R) as of January 1, 2009 and there was no material impact on our consolidated financial statements as of December 31, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* (“SFAS 160”) (codified as ASC 810). We adopted this revision as of January 1, 2009 and there was no impact on our consolidated financial statements as our non-controlling interests were not material.

On March 19, 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, (“SFAS 161”) (codified by ASC 815). SFAS 161 amends FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, (“SFAS 133”) and was issued in response to concerns and criticisms about the lack of adequate disclosure of derivative instruments and hedging activities. We adopted SFAS 161 as of January 1, 2009 and there was no impact on our consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position (“FSP”) Emerging Issues Task Force (“EITF”) 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (“FSP EITF 03-6-1”) (codified by ASC 260). We adopted this standard as of January 1, 2009 and it did not have a material impact on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (codified by ASC 820). This FSP provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This update is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this FSP did not have a material effect on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1) and (APB 28-1) (codified as ASC 825). FSP FAS 107-1 and APB 28-1 amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim as well as in annual financial statements and amends guidance previously referenced as APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in interim financial statements. FSP FAS 107-1 and APB 28-1 were adopted as of June 30, 2009 and did not have a material impact on our consolidated financial statement disclosures.

In September 2009, the FASB issued FASB Accounting Standards Update ("ASU") 2009-12, *Fair Value Measurements and Disclosures (Topic 820), Investments in Certain Entities That Calculate Net Asset Value Per Share.* We adopted this standard as of December 31, 2009 and it did not have a material impact on our consolidated financial statements.

In September 2009, the FASB issued ASU 2009-13 and ASU 2009-14, *Revenue Recognition (Topic 605), Multiple Deliverable Revenue Arrangements* relating to revenue recognition for arrangements with multiple deliverables that do not fall under ASC 605-985. This guidance eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the overall arrangement fee that is attributable to items that already have been delivered. As a result, the new guidance may allow some companies to recognize revenue on transactions that involve multiple deliverables earlier than under current requirements. This guidance is effective for us January 1, 2011. We are currently assessing the impact this Statement will have on our financial statements.

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Excluding the impact of changes in interest rates and the uncertainty in the global financial markets, there have been no material changes to our market risk for the year ended December 31, 2009. We conduct business in all parts of the world and are thereby exposed to market risks related to fluctuations in foreign currency exchange rates. The U.S. dollar is the single largest currency in which our revenue contracts are denominated. Thus, any decline in the value of local foreign currencies against the U.S. dollar results in our products and services being more expensive to a potential foreign customer, and in those instances where our goods and services have already been sold, may result in the receivables being more difficult to collect. Additionally, any decline in the value of the U.S. dollar in jurisdictions where the revenue contracts are denominated in U.S. dollars and operating expenses are incurred in local currency will have an unfavorable impact to operating margins. We at times enter into revenue contracts that are denominated in the country's local currency, principally in Australia, Canada, the United Kingdom and other European countries. This practice serves as a natural hedge to finance the local currency expenses incurred in those locations. We have not entered into any foreign currency hedging transactions. We do not purchase or hold any derivative financial instruments for the purpose of speculation or arbitrage.

The primary objective of our cash investment policy is to preserve principal without significantly increasing risk. Based on our cash investments and interest rates on these investments at December 31, 2009, and if we maintained this level of similar cash investments for a period of one year, a hypothetical ten percent increase or decrease in effective interest rates would increase or decrease interest income by less than $0.1 million annually.

During the fiscal year ended September 30, 2007, we entered into two interest rate swaps, including a forward starting swap, with a commercial bank whereby we pay a fixed rate of 5.375% and 4.90% and receive a floating rate indexed to the 3-month LIBOR from the counterparty on a notional amount of $75 million and $50 million, respectively. During the fiscal year ended December 31, 2009, we amended our interest rate swap on the $75 million notional amount from 3-month LIBOR to 1-month LIBOR. This basis swap did not impact the maturity date of the interest rate swap or the accounting. As of December 31, 2009, the fair value liability of the interest rate swaps was approximately $5.3 million, all of which was included in other current liabilities on the consolidated balance sheet. The potential loss in fair value liability of the interest rate swaps resulting from a hypothetical 10 percent adverse change in interest rates was less than $0.1 million at December 31, 2009. Because our interest rate swaps do not qualify for hedge accounting, changes in the fair value of the interest rate swaps are recognized in the consolidated statement of operations, along with the related income tax effects.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The required consolidated financial statements and notes thereto are included in this Annual Report and are listed in Part IV, Item 15.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

On May 21, 2009, the Audit Committee approved the engagement of Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for the year ending December 31, 2009.

During the 2007 and 2008 fiscal years, there were no disagreements with KPMG LLP on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to KPMG LLP's satisfaction, would have caused KPMG LLP to make reference to the subject matter of the disagreement in connection with its report on the Company's consolidated financial statements for such years. There were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K except for a material weakness in internal control with respect to accounting for software implementation services and licenses agreements in the Asia/Pacific region as reported by the Company in its Annual Report to Stockholders for the year ended December 31, 2008.

In connection with the selection of Deloitte & Touche LLP, on May 21, 2009 the Audit Committee determined to dismiss KPMG LLP as the Company's independent registered public accounting firm.

No other items were noted during 2009.

ITEM 9A. ***CONTROLS AND PROCEDURES***

a) Evaluation of Disclosure Controls and Procedures

Our management, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report, December 31, 2009.

In connection with our evaluation of disclosure controls and procedures, we have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2009.

b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). Under the supervision of, and with the participation of our Chief Executive Officer and Chief Financial Officer, management assessed the effectiveness of internal control over financial reporting as of December 31, 2009. Management based its assessment on criteria established in "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management concluded that that its internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of internal control over financial reporting as of December 31, 2009 has been audited by Deloitte & Touche, LLP, an independent registered public accounting firm, and Deloitte and Touche, LLP has issued an attestation report on our internal control over financial reporting.

c) Changes in Internal Control over Financial Reporting

As previously disclosed, management has implemented remediation activities, described below, related to a material weakness identified in our assessment of internal control over financial reporting as of December 31, 2008. The material weakness as of December 31, 2008 related to accounting for software implementation service and license arrangements in the Asia Pacific region. As of December 31, 2009, management has concluded that the remediation activities are properly designed and have been in place for a sufficient amount of time to conclude that controls were operating effectively as of December 31, 2009. Therefore, management has determined that this material weakness has been remediated during the fourth quarter of 2009.

Remedial actions for the material weakness identified as of December 31, 2008 related to accounting for software implementation services and licenses arrangements in the Asia Pacific region

1) Created an Implementation Services Methodology which sets forth the processes, methodology, tools, roles and responsibilities in managing our implementation projects on a global basis inclusive of a global Project Completion Policy.

2) Established a Corporate Management Office to provide a standard methodology on how to manage, coordinate, report and escalate projects during implementation.

3) Established a Deal Review Committee to review and coordinate the closing of a contract and subsequently create detailed project plans for implementation.

4) Created a disciplined process to account for all service hours.

5) Implemented regular meetings to increase corporate oversight of implementation service and license arrangements across the channels.

6) Developed a formal communication strategy and plan to educate and train personnel on ACI's Implementation Services Methodology, Corporate Management Office and Deal Review Committee processes.

Except for the changes described above, there have been no changes during the Company's quarter ended December 31, 2009 in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
ACI Worldwide, Inc.
Omaha, Nebraska

We have audited the internal control over financial reporting of ACI Worldwide, Inc. and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2009 of the Company and our report dated February 26, 2010 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Omaha, Nebraska
February 26, 2010

ITEM 9B. ***OTHER INFORMATION***

None.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

The information under the heading "Executive Officers of the Registrant" in Part 1, Item 1 of this Form 10-K is incorporated herein by reference.

The information required by this item with respect to our directors is included in the section entitled "Nominees" under "Proposal 1 — Election of Directors" in our Proxy Statement for the Annual Meeting of Stockholders to be held on June 9, 2010 (the "2010 Proxy Statement") and is incorporated herein by reference.

Information included in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2010 Proxy Statement is incorporated herein by reference.

Information related to the audit committee and the audit committee financial expert is included in the section entitled "Report of Audit Committee" in our 2010 Proxy Statement is incorporated herein by reference. In addition, the information included in the section entitled "Corporate Governance" in our 2010 Proxy Statement is incorporated herein by reference.

Code of Business Conduct and Code of Ethics

We have adopted a Code of Business Conduct and Ethics for our directors, officers (including our principal executive officer, principal financial officer, principle accounting officer and controller) and employees. We have also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (the "Code of Ethics"), which applies to our Chief Executive Officer, our Chief Financial Officer, our Chief Accounting Officer, Controller, and persons performing similar functions. The full text of both the Code of Business Conduct and Ethics and Code of Ethics is published on our website at www.aciworldwide.com in the "Investors — Corporate Governance" section. We intend to disclose future amendments to, or waivers from, certain provisions of the Code of Business Conduct and Ethics and the Code of Ethics on our website promptly following the adoption of such amendment or waiver.

ITEM 11. ***EXECUTIVE COMPENSATION***

Information included in the sections entitled "Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report" and "Executive Compensation" in our 2010 Proxy Statement is incorporated herein by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Information included in the sections entitled "Information Regarding Stock Ownership" in our 2010 Proxy Statement is incorporated herein by reference.

Information included in the section entitled "Information Regarding Equity Compensation Plans" in our 2010 Proxy Statement is incorporated herein by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE***

Information included in the section entitled "Certain Relationships and Related Transactions," if any, in our 2010 Proxy Statement is incorporated herein by reference.

ITEM 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES***

Information included in the sections entitled "Report of Audit Committee" and "Proposal 2 — Ratification of Appointment of the Company's Independent Registered Public Accounting Firm" in our 2010 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES***

Documents filed as part of this annual report on Form 10-K:

(1) Financial Statements. The following index lists consolidated financial statements and notes thereto filed as part of this annual report on Form 10-K:

(2) Financial Statement Schedules. All schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits. The following exhibit index lists exhibits incorporated herein by reference, filed as part of this annual report on Form 10-K, or furnished as part of this annual report on Form 10-K:

EXHIBIT INDEX

Exhibit No.	Description
3.01(1)	Amended and Restated Certificate of Incorporation of the Company
3.02(2)	Amended and Restated Bylaws of the Company
4.01(3)	Form of Common Stock Certificate
10.01(4)*****	Stock and Warrant Holders Agreement, dated as of December 30, 1993
10.02(5)*****	ACI Holding, Inc. 1994 Stock Option Plan, as amended
10.03(6)*****	Transaction Systems Architects, Inc. 1996 Stock Option Plan, as amended
10.04(7)*****	ACI Worldwide, Inc. 1999 Stock Option Plan, as amended
10.05(8)*****	ACI Worldwide, Inc. 1999 Employee Stock Purchase Plan, as amended
10.06(9)*****	Transaction Systems Architects, Inc. 2000 Non-Employee Director Stock Option Plan, as amended
10.07(10)*****	Transaction Systems Architects, Inc. 2002 Non-Employee Director Stock Option Plan, as amended
10.8(11)*****	ACI Worldwide, Inc. 2005 Equity and Performance Incentive Plan, as amended
10.9*****	Form of Severance Compensation Agreement (Change-in-Control) between the Company and certain officers, including executive officers (filed herewith)
10.10*****	Form of Indemnification Agreement between the Company and certain officers, including executive officers (filed herewith)

Exhibit No.	Description
10.11(12)	Asset Purchase Agreement by and between S2 Systems, Inc. and the Company dated June 29, 2005
10.12(13)*	Form of Stock Option Agreement for the Company's 1994 Stock Option Plan
10.13(14)*	Form of Stock Option Agreement for the Company's 1996 Stock Option Plan
10.14(15)*	Form of Stock Option Agreement for the Company's 1999 Stock Option Plan
10.15(16)*	Form of Stock Option Agreement for the Company's 2000 Non-Employee Director Plan
10.16(17)*	Form of Stock Option Agreement for the Company's 2002 Non-Employee Director Plan
10.17*	Form of Nonqualified Stock Option Agreement — Non-Employee Director for the Company's 2005 Equity and Performance Incentive Plan, as amended (filed herewith)
10.18*	Form of Nonqualified Stock Option Agreement — Employee for the Company's 2005 Equity and Performance Incentive Plan, as amended (filed herewith)
10.19(18)*	Form of LTIP Performance Shares Agreement for the Company's 2005 Equity and Performance Incentive Plan, as amended
10.20(19)*	Amended and Restated Employment Agreement by and between the Company and Philip G. Heasley, dated January 7, 2009
10.21(20)*	Stock Option Agreement by and between the Company and Philip G. Heasley, dated March 9, 2005
10.22(21)	Share Purchase Agreement dated as of May 11, 2006 by and between Transaction Systems Architects, Inc.; PREIPO Bating- und Beteiligungsgesellschaft mbH; RP Vermögensverwaltung GmbH; Mr. Christian Jaron; Mr. Johann Praschinger; and eps Electronic Payment Systems AG
10.23(22)	Agreement and Plan of Merger dated August 28, 2006 by and among Transaction Systems Architects, Inc., Parakeet MergerSub Corp., and P&H Solutions, Inc.
10.24(23)	Credit Agreement by and among Transaction Systems Architects, Inc. and Wachovia Bank, National Association
10.25(24)*	Separation, Non-Compete, Non-Solicitation and Non-Disclosure Agreement and General Release with Anthony J. Parkinson dated May 10, 2007
10.26(25)*	Separation, Non-Compete, Nonsolicitation and Non-Disclosure Agreement and General Release with Mark R. Vipond dated August 11, 2008
10.27(26)*	2008 Executive Management Incentive Compensation Plan
10.28(27)*	2008 Form of Change-in-Control Employment Agreement between the Company and certain officers, including executive officers
10.29*	Form of Restricted Share Award Agreement for the Company's 2005 Equity and Performance Incentive Plan, as amended (filed herewith)
10.30(28)***	Master Alliance Agreement between ACI Worldwide, Inc. and International Business Machines Corporation
10.31(29)	Warrant Agreement between ACI Worldwide, Inc. and International Business Machines Corporation
10.32(30)	Warrant Agreement between ACI Worldwide, Inc. and International Business Machines Corporation
10.33(31)***	Master Services Agreement by and between ACI Worldwide, Inc. and International Business Machines Corporation
21.01	Subsidiaries of the Registrant (filed herewith)
23.01	Consent of Independent Registered Public Accounting Firm (filed herewith) - Deloitte & Touche LLP
23.02	Consent of Independent Registered Public Accounting Firm (filed herewith) — KPMG LLP
31.01	Certification of Chief Executive Officer pursuant to S.E.C. Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.02	Certification of Chief Financial Officer pursuant to S.E.C. Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)

Exhibit No.	Description
32.01**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.02**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)

(1) Incorporated herein by reference to registrant's current report on Form 8-K filed July 30, 2007.

(2) Incorporated herein by reference to Exhibit 3.02 to the registrant's current report on Form 8-K filed December 18, 2008.

(3) Incorporated herein by reference to Exhibit 4.01 to the registrant's Registration Statement No. 33-88292 on Form S-1.

(4) Incorporated herein by reference to Exhibit 10.9 to the registrant's Registration Statement No. 33-88292 on Form S-1.

(5) Incorporated herein by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2006.

(6) Incorporated herein by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2006.

(7) Incorporated herein by reference to Exhibit 10.4 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2006.

(8) Incorporated herein by reference to Exhibit 4.1 to the registrant's Post-Effective Amendment No. 2 to Registration Statement No. 333-113550 on Form S-8 filed June 11, 2008.

(9) Incorporated herein by reference to Exhibit 10.6 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2006.

(10) Incorporated herein by reference to Exhibit 10.7 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2006.

(11) Incorporated herein by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the period ended March 31, 2007.

(12) Incorporated herein by reference to Exhibit 2.1 to the registrant's current report on Form 8-K filed on July 1, 2005.

(13) Incorporated herein by reference to Exhibit 10.18 to the registrant's annual report on Form 10-K for the fiscal year ended September 30, 2004.

(14) Incorporated herein by reference to Exhibit 10.19 to the registrant's annual report on Form 10-K for the fiscal year ended September 30, 2004.

(15) Incorporated herein by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2007.

(16) Incorporated herein by reference to Exhibit 10.22 to the registrant's annual report on Form 10-K for the fiscal year ended September 30, 2004.

(17) Incorporated herein by reference to Exhibit 10.23 to the registrant's annual report on Form 10-K for the fiscal year ended September 30, 2004.

(18) Incorporated herein by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed December 16, 2009.

(19) Incorporated herein by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed on January 7, 2009.

(20) Incorporated herein by reference to Exhibit 10.2 to the registrant's current report on Form 8-K filed on March 10, 2005.

(21) Incorporated herein by reference to Exhibit 2.1 to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2006.

(22) Incorporated herein by reference to Exhibit 2.1 to the registrant's current report on Form 8-K filed on September 1, 2006.

(23) Incorporated herein by reference to Exhibit 10.33 to the registrant's annual report on Form 10-K for the fiscal year ended September 30, 2006.

(24) Incorporated herein by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed May 16, 2007.

(25) Incorporated herein by reference to Exhibit 10.1 the registrant's current report on Form 8-K filed August 15, 2008.

(26) Incorporated herein by reference to Annex A to the registrant's Proxy Statement for its 2008 Annual Meeting (File No. 000-25346) filed on April 21, 2008.

(27) Incorporated herein by reference to Exhibit 10.1 the registrant's current report on Form 8-K filed January 7, 2009.

(28) Incorporated herein by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2009.

(29) Incorporated herein by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the period ended December 31, 2007.

(30) Incorporated herein by reference to Exhibit 10.3 to the registrant's quarterly report on Form 10-Q for the period ended December 31, 2007.

(31) Incorporated herein by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2009.

* Denotes exhibit that constitutes a management contract, or compensatory plan or arrangement.

** This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.

*** Material has been omitted from this exhibit pursuant to a request for confidential treatment pursuant to Rule 24b-2 promulgated under the Securities and Exchange Act of 1934 and such material has been filed separately with the Securities and Exchange Commission.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
ACI Worldwide, Inc.
Omaha, Nebraska

We have audited the accompanying consolidated balance sheet of ACI Worldwide, Inc. and subsidiaries (the “Company”) as of December 31, 2009 and the related consolidated statements of operations, of stockholders’ equity and comprehensive income (loss), and of cash flows for the year ended December 31, 2009. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of ACI Worldwide, Inc. and subsidiaries as of December 31, 2009 and the results of their operations and their cash flows for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010, expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Omaha, Nebraska
February 26, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
ACI Worldwide, Inc.:

We have audited the accompanying consolidated balance sheet of ACI Worldwide, Inc. and subsidiaries (the Company) as of December 31, 2008, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for the year ended December 31, 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACI Worldwide, Inc. and subsidiaries as of December 31, 2008, and the results of their operations and their cash flows for the year ended December 31, 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in note 15 to the consolidated financial statements, the Company adopted Financial Accounting Standards (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (now codified as Accounting Standards Codification (ASC) 740, *Income Taxes*, as of October 1, 2007).

/s/ KPMG LLP

Omaha, Nebraska
March 3, 2009

ACI WORLDWIDE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2008
	(In thousands, except share and per share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 125,917	$ 112,966
Billed receivables, net of allowances of $2,732 and $1,920, respectively	98,915	77,738
Accrued receivables	9,468	17,412
Deferred income taxes, net	17,459	17,005
Recoverable income taxes	—	3,140
Prepaid expenses	12,079	9,483
Other current assets	10,224	8,800
Total current assets	274,062	246,544
Property and equipment, net	17,570	19,421
Software, net	30,037	29,438
Goodwill	204,850	199,986
Other intangible assets, net	26,906	30,347
Deferred income taxes, net	26,024	12,899
Other assets	10,594	14,207
TOTAL ASSETS	$ 590,043	$ 552,842
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 17,591	$ 16,047
Accrued employee compensation	24,492	19,955
Deferred revenue	106,349	99,921
Income taxes payable	10,681	78
Alliance agreement liability	10,507	6,195
Accrued and other current liabilities	25,780	24,068
Total current liabilities	195,400	166,264
Deferred revenue	31,533	24,296
Note payable under credit facility	75,000	75,000
Deferred income taxes, net	—	2,091
Alliance agreement noncurrent liability	21,980	37,327
Other noncurrent liabilities	30,067	34,023
Total liabilities	353,980	339,001
Commitments and contingencies (Note 17)		
Stockholders' equity		
Preferred stock; $0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at December 31, 2009 and 2008	—	—
Common stock; $0.005 par value; 70,000,000 shares authorized; 40,821,516 shares issued at December 31, 2009 and 2008	204	204
Common stock warrants	24,003	24,003
Treasury stock, at cost, 6,784,932 and 5,909,000 shares outstanding at December 31, 2009 and 2008	(158,652)	(147,808)
Additional paid-in capital	307,279	302,237
Retained earnings	78,094	58,468
Accumulated other comprehensive loss	(14,865)	(23,263)
Total stockholders' equity	236,063	213,841
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 590,043	$ 552,842

The accompanying notes are an integral part of the consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2009	For the Years Ended December 31, 2008	For the Three Months Ended December 31, 2007	For the Year Ended September 30, 2007
	(In thousands, except per share amounts)			
Revenues:				
Software license fees	$ 156,469	$ 169,210	$ 46,266	$ 149,485
Maintenance fees	136,737	130,015	32,167	121,233
Services	112,549	118,428	22,849	95,500
Total revenues	405,755	417,653	101,282	366,218
Expenses:				
Cost of software license fees(1)	14,754	12,846	2,483	9,145
Cost of maintenance and services(1)	112,893	117,087	23,530	95,691
Research and development	77,506	75,850	22,945	78,950
Selling and marketing	61,799	73,236	20,587	69,957
General and administrative	79,244	100,272	25,011	94,762
Depreciation and amortization	17,989	16,649	3,874	15,294
Total expenses	364,185	395,940	98,430	363,799
Operating income	41,570	21,713	2,852	2,419
Other income (expense):				
Interest income	1,042	2,609	763	4,082
Interest expense	(2,856)	(5,013)	(1,389)	(6,644)
Other, net	(6,648)	8,247	(334)	(3,740)
Total other income (expense)	(8,462)	5,843	(960)	(6,302)
Income (loss) before income taxes	33,108	27,556	1,892	(3,883)
Income tax expense	13,482	16,974	3,908	5,248
Net income (loss)	$ 19,626	$ 10,582	$ (2,016)	$ (9,131)
Earnings (loss) per share information				
Weighted average shares outstanding				
Basic	34,368	34,498	35,700	36,933
Diluted	34,554	34,795	35,700	36,933
Earnings (loss) per share				
Basic	$ 0.57	$ 0.31	$ (0.06)	$ (0.25)
Diluted	$ 0.57	$ 0.30	$ (0.06)	$ (0.25)

(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 and services excludes charges for depreciation.

The accompanying notes are an integral part of the consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Common Stock	Common Stock Warrants	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
				(In thousands)			
Balance at September 30, 2006	$ 204	$ —	$ (94,313)	$ 307,553	$ 62,357	$ (8,589)	$ 267,212
Comprehensive income (loss) information:							
Net loss	—	—	—	—	(9,131)	—	(9,131)
Other comprehensive income (loss):							
Foreign currency translation adjustments	—	—	—	—	—	7,869	7,869
Comprehensive income (loss)							(1,262)
Repurchase of common stock	—	—	(46,187)	—	—	—	(46,187)
Exercises of stock options	—	—	160	(155)	—	—	5
Stock option settlements	—	—	—	(3,399)	—	—	(3,399)
Tax benefit of stock options exercised and settled	—	—	—	1,074	—	—	1,074
Stock based compensation	—	—	—	7,311	—	—	7,311
Employee Stock Purchase Plan compensation	—	—	—	258	—	—	258
Balance at September 30, 2007	204	—	(140,340)	312,642	53,226	(720)	225,012
Comprehensive income (loss) information:							
Net loss	—	—	—	—	(2,016)	—	(2,016)
Other comprehensive income (loss):							
Foreign currency translation adjustments	—	—	—	—	—	(1,122)	(1,122)
Comprehensive income (loss)							(3,138)
Repurchase of common stock	—	—	(3,708)	—	—	—	(3,708)
Issuance of common stock pursuant to Employee Stock Purchase Plan	—	—	2,165	(631)	—	—	1,534
Exercises of stock options	—	—	1,563	(953)	—	—	610
Stock option settlements	—	—	—	(151)	—	—	(151)
Tax benefit of stock options exercised and cash settled	—	—	—	206	—	—	206
Stock-based compensation	—	—	—	(5)	—	—	(5)
Issuance of common stock warrants	—	24,003	—	—	—	—	24,003
Cumulative effect of a change in income tax accounting principle	—	—	—	—	(3,324)	—	(3,324)
Balance at December 31, 2007	$ 204	$ 24,003	$ (140,320)	$ 311,108	$ 47,886	$ (1,842)	$ 241,039
Comprehensive income (loss) information:							
Net income	—	—	—	—	10,582	—	10,582
Other comprehensive income (loss):							
Foreign currency translation adjustments	—	—	—	—	—	(21,421)	(21,421)
Comprehensive income (loss)							(10,839)
Repurchase of common stock	—	—	(30,063)	—	—	—	(30,063)
Issuance of common stock pursuant to Employee Stock Purchase Plan	—	—	2,618	(1,141)	—	—	1,477
Exercises of stock options	—	—	7,854	(4,013)	—	—	3,841
Tax benefit of stock options exercised and cash settled	—	—	—	498	—	—	498
Stock-based compensation	—	—	—	7,888	—	—	7,888
Non-vested restricted share awards subject to redemption	—	—	12,328	(12,328)	—	—	—
Forfeiture of non-vested restricted share awards	—	—	(225)	225	—	—	—
Balance at December 31, 2008	$ 204	$ 24,003	$ (147,808)	$ 302,237	$ 58,468	$ (23,263)	$ 213,841
Comprehensive income (loss) information:							
Net income	—	—	—	—	19,626	—	19,626
Other comprehensive income (loss):							
Foreign currency translation adjustments	—	—	—	—	—	8,398	8,398
Comprehensive income (loss)							28,024
Repurchase of common stock	—	—	(15,000)	—	—	—	(15,000)
Issuance of common stock pursuant to Employee Stock Purchase Plan	—	—	1,862	(793)	—	—	1,069
Exercises of stock options	—	—	3,688	(1,877)	—	—	1,811
Tax benefit of stock options exercised	—	—		(705)	—	—	(705)
Stock-based compensation	—	—	—	7,645	—	—	7,645
Non-vested restricted share awards subject to redemption	—	—	554	(554)	—	—	—
Forfeiture of non-vested restricted share awards	—	—	(1,326)	1,326	—	—	—
Repurchase of restricted stock for tax withholdings	—	—	(622)	—	—	—	(622)
Balance at December 31, 2009	$ 204	$ 24,003	$ (158,652)	$ 307,279	$ 78,094	$ (14,865)	$ 236,063

The accompanying notes are an integral part of the consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31, 2009	For the Years Ended December 31, 2008	For the Three Months Ended December 31, 2007	For the Year Ended September 30, 2007
	(In thousands)			
Cash flows from operating activities:				
Net income (loss)	$ 19,626	$ 10,582	$ (2,016)	$ (9,131)
Adjustments to reconcile net income (loss) to net cash flows from operating activities				
Depreciation	6,338	6,506	1,496	5,900
Amortization	17,389	15,544	3,724	14,603
Tax expense of intellectual property shift	2,199	1,942	591	1,912
Deferred income taxes	(6,562)	4,739	(741)	(6,832)
Amortization of debt financing costs	336	336	84	336
Gain on reversal of asset retirement obligation	(40)	(949)	—	—
Gain on transfer of assets under contractual obligations	(1,049)	(219)	(386)	(404)
(Gain) loss on disposal of assets	56	290	17	(28)
Decrease in fair value of interest rate swaps	1,640	5,800	2,475	2,077
Stock-based compensation expense (recovery)	7,645	7,888	(5)	7,569
Tax benefit of stock options exercised and cash settled	114	357	97	1,043
Changes in operating assets and liabilities, net of impact of acquisitions:				
Billed and accrued receivables, net	(10,365)	(5,401)	(17,552)	11,145
Other current assets	68	(187)	(384)	(1,659)
Other assets	1,387	617	(702)	(2,293)
Accounts payable	(1,680)	(2,494)	2,799	(3,343)
Accrued employee compensation	3,492	51	(73)	(12,162)
Proceeds from alliance agreement	—	40,935	—	—
Accrued liabilities	(8,412)	(2,609)	3,982	2,949
Accrued settlement for class action litigation	—	—	—	(8,450)
Current income taxes	6,029	2,130	2,443	(1,122)
Deferred revenue	8,412	(7,012)	16,171	20,738
Other current and noncurrent liabilities	(2,406)	(1,020)	103	1,999
Net cash flows from operating activities	44,217	77,826	12,123	24,847
Cash flows from investing activities:				
Purchases of property and equipment	(2,942)	(7,021)	(2,227)	(7,784)
Purchases of software and distribution rights	(7,529)	(4,936)	(1,658)	(1,107)
Purchases of marketable securities	—	—	—	(2,500)
Sales of marketable securities	—	—	—	2,500
Alliance technical enablement expenditures	(6,899)	(6,328)	—	—
Proceeds from alliance agreement, net of common stock warrants	—	1,498	9,330	—
Proceeds from transfer of assets under contractual arrangements	1,050	—	500	500
Acquisition of businesses, net of cash acquired	(7,047)	(169)	(47)	(17,579)
Other	—	—	—	6
Net cash flows from investing activities	(23,367)	(16,956)	5,898	(25,964)
Cash flows from financing activities:				
Proceeds from issuance of common stock	1,243	1,704	279	—
Proceeds from issuance of common stock warrants	—	—	24,003	—
Proceeds from exercises of stock options	1,811	3,841	610	40
Excess tax benefit of stock options exercised	88	142	109	31
Repurchases of common stock	(15,000)	(30,063)	(3,994)	(46,707)
Repurchase of restricted stock for tax withholdings	(622)	—	—	—
Payments on debt and capital leases	(1,576)	(3,311)	(625)	(3,369)
Net cash flows from financing activities	(14,056)	(27,687)	20,382	(50,005)
Effect of exchange rate fluctuations on cash	6,157	(17,228)	(2,186)	1,768
Net increase (decrease) in cash and cash equivalents	12,951	15,955	36,217	(49,354)
Cash and cash equivalents, beginning of period	112,966	97,011	60,794	110,148
Cash and cash equivalents, end of period	$ 125,917	$ 112,966	$ 97,011	$ 60,794
Supplemental cash flow information				
Income taxes paid, net	$ 15,202	$ 9,940	$ 243	$ 14,450
Interest paid	$ 3,564	$ 4,392	$ 1,271	$ 3,573
Supplemental noncash investing activities costs accrued in connection with acquisitions	$ —	$ —	$ —	$ 47

The accompanying notes are an integral part of the consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

ACI Worldwide, Inc., a Delaware corporation, and its subsidiaries (collectively referred to as "ACI" or the "Company"), develop, market, install, and support a broad line of software products and services primarily focused on facilitating electronic payments. In addition to its own products, the Company distributes, or acts as a sales agent for software developed by third parties. These products and services are used principally by financial institutions, retailers, and electronic-payment processors, both in domestic and international markets.

The Company derives a substantial portion of its total revenues from licensing its BASE24 family of software products and providing services and maintenance related to those products. During the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007, approximately 46%, 47%, 51%, and 49%, respectively, of the Company's total revenues were derived from licensing the BASE24 product line, which does not include the BASE24-eps product, and providing related services and maintenance. A substantial majority of the Company's licenses are time-based ("term") licenses.

Effective January 1, 2008, the Company changed its fiscal year end from September 30 to December 31. The Company's new fiscal year commenced January 1, 2008 and ended on December 31, 2008. This Annual Report on Form 10-K presents the Company's financial position as of December 31, 2009 and December 31, 2008. This Annual Report on Form 10-K also presents the results of operations for the years ended December 31, 2009 and 2008, the three months ended December 31, 2007 and the year ended September 30, 2007. The Company changed its fiscal year end to align its sales contracting and delivery processes with its customers and to allow for more effective communication with the capital markets and investment community by being consistent with its peer group.

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Recently acquired subsidiaries that are included in the Company's consolidated financial statements as of the date of acquisition include: Euronet Essentis Limited ("Euronet" or "Essentis") acquired during the year ended December 31, 2009; Visual Web Solutions, Inc. ("Visual Web") and Stratasoft Sdn Bhd ("Stratasoft") acquired during the year ended September 30, 2007. All intercompany balances and transactions have been eliminated.

Capital Stock

Our outstanding capital stock consists of a single class of common stock. Each share of common stock is entitled to one vote upon each matter subject to a stockholders vote and to dividends if and when declared by the Board of Directors.

Use of Estimates and Risk and Uncertainties

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Our financial condition, results of operations, and cash flows are subject to various risks and uncertainties. Factors that could affect our future financial statements and cause actual results to vary materially from expectations 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 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, 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 governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, future acquisitions and investments and litigation.

Revenue Recognition, Accrued Receivables and Deferred Revenue

Software License Fees. The Company recognizes software license fee revenue in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (the “Codification” or “ASC”) 605-985, *Revenue Recognition: Software* (previous Generally Accepted Accounting Principle (“GAAP”) reference was *American Institute of Certified Public Accountants (“AICPA”) Statement of Position (“SOP”) 97-2, Software Revenue Recognition (“SOP 97-2”), SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition With Respect to Certain Transactions (“SOP 98-9”*)), and ASC 605, *Revenue Recognition*, (previous GAAP reference was *Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin (“SAB”) 101, Revenue Recognition in Financial Statements, as codified by SAB 104, Revenue Recognition)*. For software license arrangements for which services rendered are not considered essential to the functionality of the software, the Company recognizes revenue upon delivery, provided (i) there is persuasive evidence of an arrangement, (ii) collection of the fee is considered probable and (iii) the fee is fixed or determinable. In most arrangements, vendor-specific objective evidence (“VSOE”) of fair value does not exist for the license element; therefore, the Company uses the residual method under ASC 605-985 (*SOP 98-9*) to determine the amount of revenue to be allocated to the license element. Under ASC 605-985 (*SOP 98-9*), the fair value of all undelivered elements, such as post contract customer support (maintenance or “PCS”) or other products or services, is deferred and subsequently recognized as the products are delivered or the services are performed, with the residual difference between the total arrangement fee and revenues allocated to undelivered elements being allocated to the delivered element.

When a software license arrangement includes services to provide significant modification or customization of software, those services are not separable from the software and are accounted for in accordance with ASC 605-35, Revenue Recognition: Long Term Construction Type Contracts (previous GAAP reference was *Accounting Research Bulletin (“ARB”) No. 45, Long-Term Construction-Type Contracts (“ARB No. 45”), and the relevant guidance provided by SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts (“SOP 81-1”)).* Accounting for services delivered over time (generally in excess of twelve months) under ASC 605-35 (*ARB No. 45 and SOP 81-1*) is referred to as contract accounting. Under contract accounting, the Company generally uses the percentage-of-completion method. Under the percentage-of-completion method, the Company records revenue for the software license fee and services over the development and implementation period, with the percentage of completion generally measured by the percentage of labor hours incurred to-date to estimated total labor hours for each contract. For those contracts subject to percentage-of-completion contract accounting, estimates of total revenue and profitability under the contract consider amounts due under extended payment terms. In certain cases, the Company provides its customers with extended payment terms whereby payment is deferred beyond when the services are rendered. In other projects, the Company provides its customer with extended payment terms that are refundable in the event certain milestones are not achieved or the project scope changes. The Company excludes revenues due on extended payment terms from its current percentage-of-completion computation until such time that collection of the fees becomes probable. In the event project profitability is assured and estimable within a range, percentage-of-completion revenue recognition is computed using the lowest level of profitability in the range. If the range of profitability is not estimable but some level of profit is assured, revenues are recognized to the extent direct and incremental costs are incurred until such time that project profitability can be estimated. In the event some level of profitability cannot be reasonably assured, completed-contract accounting is applied. If it is determined that a loss will result from the performance of a contract, the entire amount of the loss is recognized in the period in which it is determined that a loss will result.

For software license arrangements in which a significant portion of the fee is due more than 12 months after delivery or when payment terms are significantly beyond the Company's standard business practice, the software license fee is deemed not to be fixed or determinable. For software license arrangements in which the fee is not considered fixed or determinable, the software license fee is recognized as revenue as payments become due and payable, provided all other conditions for revenue recognition have been met. For software license arrangements in which the Company has concluded that collection of the fees is not probable, revenue is recognized as cash is collected, provided all other conditions for revenue recognition have been met. In making the determination of collectibility, the Company considers the creditworthiness of the customer, economic conditions in the customer's industry and geographic location, and general economic conditions.

ASC 605-985 (*SOP 97-2*) requires the seller of software that includes PCS to establish VSOE of fair value of the undelivered element of the contract in order to account separately for the PCS revenue. The Company establishes VSOE of the fair value of PCS by reference to stated renewals or separate sales with consistent pricing of PCS, expressed in either dollar or percentage terms. In determining whether a stated renewal is substantive, the Company considers factors such as whether the period of the initial PCS term is relatively long when compared to the term of the software license or whether the PCS renewal rate is significantly below the Company's normal pricing practices. In determining whether PCS pricing is consistent, the Company considers the population of separate sales that are within a reasonably narrow range of the median within the identified market segment over the trailing twelve month period.

ASC 605-985 (*SOP 97-2*) also requires the seller of software that includes services to establish VSOE of fair value of the undelivered element of the contract in order to account separately for the services revenue. The Company establishes VSOE of the fair value of services by reference to separate sales of comparable services with consistent pricing. In determining whether services pricing is consistent, the Company considers the population of separate sales that are within a reasonably narrow range of the median within the identified market segment over the trailing twelve month period.

For those software license arrangements that include customer-specific acceptance provisions, such provisions are generally presumed to be substantive and the Company does not recognize revenue until the earlier of the receipt of a written customer acceptance, objective demonstration that the delivered product meets the customer-specific acceptance criteria or the expiration of the acceptance period. The Company also defers the recognition of revenue on transactions involving less-established or newly released software products that do not have a history of successful implementation. The Company recognizes revenues on such arrangements upon the earlier of receipt of written acceptance or the first production use of the software by the customer. In the absence of customer-specific acceptance provisions, software license arrangements generally grant customers a right of refund or replacement only if the licensed software does not perform in accordance with its published specifications. If the Company's product history supports an assessment by management that the likelihood of non-acceptance is remote, the Company recognizes revenue when all other criteria of revenue recognition are met.

For software license arrangements in which the Company acts as a sales agent for another company's products, revenues are recorded on a net basis. These include arrangements in which the Company does not take title to the products, is not responsible for providing the product or service, earns a fixed commission, and assumes credit risk only to the extent of its commission. For software license arrangements in which the Company acts as a distributor of another company's product, and in certain circumstances, modifies or enhances the product, revenues are recorded on a gross basis. These include arrangements in which the Company takes title to the products and is responsible for providing the product or service.

For software license arrangements in which the Company utilizes a third party distributor or sales agent, the Company recognizes revenue on a sell-in basis in accordance with contractual terms when business practices and operating history indicate that there is no risk of returns, rebates, or credits and there are no other risks related to the distributor or sales agents ability to honor payment or distribution commitments. For other arrangements in which any of the above factors indicate that there are risks of returns, rebates, or credits or any other risks related to the distributor or sales agents ability to honor payment or distribution commitments, the Company recognizes revenue on a sell-through basis.

For software license arrangements in which the Company permits the customer to receive unspecified future software products during the software license term, the Company recognizes revenue ratably over the license term, provided all other revenue recognition criteria have been met. For software license arrangements in which the Company grants the customer a right to exchange the original software product for specified future software products with more than minimal differences in features, functionality, and/or price, during the license term, revenue is recognized upon the earlier of delivery of the additional software products or at the time the exchange right lapses. For customers granted a right to exchange the original software product for specified future software products where the Company has determined price, features, and functionality differences are minimal, the exchange right is accounted for as a like-kind exchange and revenue is recognized upon delivery of the currently licensed product. For software license arrangements in which the customer has the right to change or alternate its use of currently licensed products, revenue is recognized upon delivery of the first copy of all of the licensed products, provided all other revenue recognition criteria have been met. For software license arrangements in which the customer is charged variable software license fees based on usage of the product, the Company recognizes revenue as usage occurs over the term of the licenses, provided all other revenue recognition criteria have been met.

Certain of the Company’s software license arrangements include PCS terms that fail to achieve VSOE of fair value due to non-substantive renewal periods, or contain a range of possible non-substantive PCS renewal amounts. For these arrangements, VSOE of fair value of PCS does not exist and revenues for the software license, PCS and services, if applicable, are considered to be one accounting unit and are therefore recognized ratably over the longer of the contractual service term or PCS term once the delivery of both services has commenced. The Company typically classifies revenues associated with these arrangements in accordance with the contractually specified amounts, which approximate fair value assigned to the various elements, including software license fees, maintenance fees and services, if applicable. This allocation methodology has been applied to the following amounts included in revenues in the consolidated statements of operations from arrangements for which VSOE of fair value does not exist for each undelivered element (in thousands):

	Years Ended December 31,		Three Months Ended December 31,	Year Ended September 30,
	2009	2008	2007	2007
Software license fees	$ 13,905	$ 18,212	$ 2,576	$ 9,792
Maintenance fees	5,273	6,494	1,101	4,440
Services	6,513	11,131	1,317	4,568
Total	$ 25,691	$ 35,837	$ 4,994	$ 18,800

Maintenance Fees. The Company typically enters into multi-year time-based software license arrangements that vary in length but are generally five years. These arrangements include an initial (bundled) PCS term of one year with subsequent renewals for additional years within the initial license period. For arrangements in which the Company looks to substantive renewal rates or separate sales with consistent pricing to evidence VSOE of fair value of PCS and in which the PCS renewal rate and term are substantive, VSOE of fair value of PCS is determined by reference to the stated renewal rate or by reference to the population of separate sales with consistent pricing. For these arrangements, PCS revenues are recognized ratably over the PCS term specified in the contract. In arrangements where VSOE of fair value of PCS cannot be determined (for example, a time-based software license with a duration of one year or less or when the range of possible PCS renewal amounts is not sufficiently narrow or significantly below the Company's normal pricing practices), the Company recognizes revenue for the entire arrangement ratably over the PCS term.

For those arrangements that meet the criteria to be accounted for under contract accounting, the Company determines whether VSOE of fair value exists for the PCS element. For those situations in which VSOE of fair value exists for the PCS element, PCS is accounted for separately and the balance of the arrangement is accounted for under ASC 605-985 (*ARB No. 45 and SOP 81-1*). For those arrangements in which VSOE of fair value does not exist for the PCS element, revenue is recognized to the extent direct and incremental costs are incurred until such time as the services are complete. Once services are complete, all remaining revenue is then recognized ratably over the remaining PCS period.

Services. The Company provides various professional services to customers, primarily project management, software implementation and software modification services. Revenues from arrangements to provide professional services are generally recognized as the related services are performed. For those arrangements in which services revenue is deferred and the Company determines that the direct costs of services are recoverable, such costs are deferred and subsequently expensed in proportion to the services revenue as it is recognized.

Hosting. The Company's hosting-related arrangements contain multiple products and services. As these arrangements generally do not contain a contractual right to take possession of the software at anytime during the hosting period without significant penalty, the Company applies the separation provisions of ASC 605-25, *Revenue Recognition: Multiple Arrangements* (previous GAAP reference was *EITF 00-21*, *Revenue Arrangements with Multiple Deliverables*). In applying the separation provisions of ASC 605-25 *(EITF No. 00-21)*, the Company determines whether stand alone value exists for the delivered elements and whether reliable evidence of fair value exists for the undelivered elements of its hosting-related arrangements. For arrangements in which either of these criteria are not met, the elements within its multiple-element sales agreements do not qualify for treatment as separate units of accounting. Accordingly, the Company accounts for fees received under these arrangements as a single unit of accounting and recognizes the entire arrangement fee ratably over the term of the related agreement, generally commencing upon the hosting environment being made available to the customer. If both of these criteria are met, the Company uses the relative fair value method of revenue recognition to allocate the total consideration derived from the arrangement to each of the elements and revenue is then recognized as the service is performed.

The Company may execute more than one contract or agreement with a single customer. The separate contracts or agreements may be viewed as one multiple-element arrangement or separate agreements for revenue recognition purposes. The Company evaluates whether the agreements were negotiated as part of a single project, whether the products or services are interrelated or interdependent, whether fees in one arrangement are tied to performance in another arrangement, and whether elements in one arrangement are essential to the functionality in another arrangement in order to reach appropriate conclusions regarding whether such arrangements are related or separate. The conclusions reached can impact the timing of revenue recognition related to those arrangements.

Accrued Receivables Accrued receivables represent amounts to be billed in the near future (less than 12 months).

Deferred Revenue. Deferred revenue includes amounts currently due and payable from customers, and payments received from customers, for software licenses, maintenance and/or services in advance of recording the related revenue.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company's cash and cash equivalents includes holdings in checking, savings, money market and overnight sweep accounts, all of which have daily maturities, as well as time deposits with maturities of three months or less at the date of purchase. The carrying amounts of cash and cash equivalents on the consolidated balance sheets approximate fair value.

Concentrations of Credit Risk

In the normal course of business, the Company is exposed to credit risk resulting from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. The Company regularly monitors credit risk exposures. Potential concentration of credit risk in the Company's receivables with respect to the banking, other financial services and telecommunications industries, as well as with retailers, processors, and networks is mitigated by the Company's credit evaluation procedures and geographical dispersion of sales transactions. The Company generally does not require collateral or other security to support accounts receivable.

The Company maintains a general allowance for doubtful accounts based on historical experience, along with additional customer-specific allowances. The Company regularly monitors credit risk exposures in accounts receivable. In estimating the necessary level of our allowance for doubtful accounts, management considers the aging of accounts receivable, the creditworthiness of customers, economic conditions within the customer's industry, and general economic conditions, among other factors.

The following reflects activity in the Company's allowance for doubtful accounts receivable (in thousands):

	Years Ended December 31,		Three Months Ended December 31,	Year Ended September 30,
	2009	2008	2007	2007
Balance, beginning of period	$ 1,920	$ 1,723	$ 2,041	$ 2,110
Additions related to acquisition of Stratasoft	—	—	—	339
Provision charged to general and administrative expense	1,171	564	215	373
Amounts written off, net of recoveries	(359)	(367)	(533)	(781)
Balance, end of period	$ 2,732	$ 1,920	$ 1,723	$ 2,041

Amounts charged to general and administrative expenses during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 reflect increases in the allowance for doubtful accounts based upon collection experience in the geographic regions in which the Company conducts business, net of collection of customer-specific receivables which were previously reserved for as doubtful of collection.

Property and Equipment

Property and equipment are stated at cost. Depreciation of these assets is generally computed using the straight-line method over the following estimated useful lives:

Computer and office equipment	3-5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of useful life of improvement or remaining term of lease
Vehicles and other	4-5 years

Assets under capital leases are amortized over the shorter of the asset life or the lease term.

Software

Software may be for internal use or available for sale. Costs related to certain software, which is available for sale, are capitalized in accordance with ASC 985-20, *Costs of Software to be Sold, Leased, or Marketed* (previous GAAP reference was *Statement of Financial Accounting Standard No. 86, Accounting for Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*), when the resulting product reaches technological feasibility. The Company generally determines technological feasibility when it has a detailed program design that takes product function, feature and technical requirements to their most detailed, logical form and is ready for coding. Software for internal use is capitalized in accordance with ASC 605-985 (previous GAAP reference was AICPA SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*).

Amortization of software costs to be sold or marketed externally, begins when the product is available for licensing to customers and is determined on a product-by-product basis. The annual amortization shall be the greater of the amount computed using (a) the ratio that current gross revenues for a product to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product, including the period being reported on. Due to competitive pressures, it may be possible that the estimates of anticipated future gross revenue or remaining estimated economic life of the software product will be reduced significantly. As a result, the carrying amount of the software product may be reduced accordingly. Amortization of internal-use software, is generally computed using the straight-line method over estimated useful lives of three years.

Goodwill and Other Intangibles

In accordance with ASC 350, *Intangibles — Goodwill and Other* (previous GAAP reference was SFAS No. 142, *Goodwill and Other Intangible Assets*), the Company assesses goodwill for impairment at least annually. During this assessment management relies on a number of factors, including operating results, business plans and anticipated future cash flows. The Company assesses potential impairments to other intangible assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

In accordance with ASC 350, (SFAS No. 142), the Company assesses goodwill for impairment annually during the fourth quarter of its fiscal year using October 1 balances or when there is evidence that events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company evaluates goodwill at the reporting unit level and has identified its reportable segments, Americas, Europe/Middle East/Africa (“EMEA”), and Asia/Pacific, as its reporting units. Recoverability of goodwill is measured using a discounted cash flow model incorporating discount rates commensurate with the risks involved. Use of a discounted cash flow model is common practice in impairment testing in the absence of available transactional market evidence to determine the fair value.

The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a weighted average cost of capital (“WACC”). The WACC considers market and industry data as well as Company-specific risk factors. Operational management, considering industry and Company-specific historical and projected data, develops growth rates and cash flow projections for each reporting unit. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates. If the calculated fair value is less than the current carrying value, impairment of the reporting unit may exist. If the recoverability test indicates potential impairment, we calculate an implied fair value of goodwill for the reporting unit. The implied fair value of goodwill is determined in a manner similar to how goodwill is calculated in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded to write down the carrying value. The calculated fair value was in excess of the current carrying value for all reporting units.

Other intangible assets are amortized using the straight-line method over periods ranging from 18 months to 12 years.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset group may not be recoverable. An impairment loss is recorded if the sum of the future cash flows expected to result from the use of the asset (undiscounted and without interest charges) is less than the carrying amount of the asset. The amount of the impairment charge is measured based upon the fair value of the asset group.

Interest Rate Swap Agreements

The Company maintains an interest-rate risk-management strategy that uses interest rate swaps to mitigate the risk of variability in future cash flows (and related interest expense) associated with currently outstanding and forecasted floating rate bank borrowings due to changes in interest rates. The Company assesses interest rate cash flow risk by identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company monitors interest rate cash flow risk attributable to both the Company’s outstanding and forecasted debt obligations. The risk management involves the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on the Company’s future cash flows.

The variable-rate debt obligations expose the Company to variability in interest payments due to changes in interest rates. To limit the variability of a portion of its interest payments, the Company entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps change the variable-rate cash flow exposure on the debt obligations to fixed cash flows. Under the terms of the interest rate swaps, the Company receives variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt. As of December 31, 2009, the Company had two interest rate swap agreements with a combined notional amount of $125 million. These interest rate swap agreements did not qualify as accounting hedges under ASC 815, Derivatives and Hedging (previous GAAP reference was *SFAS No. 133, Accounting for Derivate Instruments and Certain Hedging Activities*).

Treasury Stock

The Company accounts for shares of its common stock that are repurchased without intent to retire as treasury stock. Such shares are recorded at cost and reflected separately on the consolidated balance sheets as a reduction of stockholders' equity. The Company issues shares of treasury stock upon exercise of stock options, payment of earned performance shares, and for issuances of common stock pursuant to the Company's employee stock purchase plan. For purposes of determining the cost of the treasury shares re-issued, the Company uses the average cost method.

Stock-Based Compensation Plans

In accordance with ASC 718 Compensation — Stock Compensation, (previously GAAP guidance was SFAS No. 123(R), Share Based Payment), the Company recognizes stock-based compensation costs for only those shares expected to vest, on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. The impact of forfeitures that may occur prior to vesting is also estimated and considered in the amount of expense recognized. Forfeiture estimates are revised, if necessary, in subsequent periods when actual forfeitures differ from those estimates. Share based compensation expense is recorded in operating expenses depending on where the respective individual's compensation is recorded. The Company generally utilizes the Black-Scholes option-pricing model to determine the fair value of stock options on the date of grant. The assumptions utilized in the Black-Scholes option-pricing model, as well as the description of the plans the stock-based awards are granted under, are described in further detail in Note 13, "Stock-Based Compensation Plans".

Pursuant to the Company's 2005 Equity and Performance Incentive Plan, during the year ended December 31, 2009, the Company granted long-term incentive program performance share awards ("LTIP Performance Shares") to key employees of the Company including named executive officers. These LTIP Performance Shares are earned, if at all, based upon the achievement, over a specified period that must not be less than one year and is typically a three-year period (the "Performance Period"), of performance goals related to (i) the compound annual growth over the Performance Period in the sales for the Company, as determined by the Company, and (ii) the cumulative operating income over the Performance Period as determined by the Company. In no event will any of the LTIP Performance Shares become earned if the Company's revenue growth or contribution margin is below a predetermined minimum threshold level at the conclusion of the Performance Period. Assuming achievement of the predetermined revenue growth and contribution margin threshold levels, up to 200% of the LTIP Performance Shares may be earned upon achievement of performance goals equal to or exceeding the maximum target levels for the performance goals over the Performance Period. Management must evaluate, on a quarterly basis, the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment in order to determine the amount of compensation costs to record in the consolidated financial statements.

Pursuant to the Company's 2005 Incentive Plan, the Company granted restricted share awards ("RSAs"). These awards have requisite service periods of four years and vest in increments of 25% on the anniversary dates of the grants. Under each arrangement, stock is issued without direct cost to the employee. The Company estimates the fair value of the RSAs based upon the market price of the Company's stock at the date of grant. The RSA grants provide for the payment of dividends on the Company's common stock, if any, to the participant during the requisite service period (vesting period) and the participant has voting rights for each share of common stock. The Company recognizes compensation expense for RSAs on a straight-line basis over the requisite service period.

Translation of Foreign Currencies

The Company's foreign subsidiaries typically use the local currency of the countries in which they are located as their functional currency. Their assets and liabilities are translated into United States dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rates during the period. Translation gains and losses are reflected in the consolidated financial statements as a component of accumulated other comprehensive income (loss). Transaction gains and losses, including those related to intercompany accounts, that are not considered to be of a long-term investment nature are included in the determination of net income (loss). Transaction gains and losses, including those related to intercompany accounts, that are considered to be of a long-term investment nature are reflected in the consolidated financial statements as a component of accumulated other comprehensive income (loss).

Since the undistributed earnings of the Company's foreign subsidiaries are considered to be indefinitely reinvested, the components of accumulated other comprehensive income (loss) have not been tax effected.

Income Taxes

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company periodically assesses its tax exposures and establishes, or adjusts, estimated unrecognized tax benefits for probable assessments by taxing authorities, including the Internal Revenue Service ("IRS"), and various foreign and state authorities. Such unrecognized tax benefits represent the estimated provision for income taxes expected to ultimately be paid.

Recently Issued Accounting Standards

In September 2009, the FASB required that the Codification be the single source of authoritative non-governmental guidance. The Codification is a topical based reorganization of the GAAP guidance that replaces the previous four-tiered GAAP hierarchy with a two-tiered hierarchy consisting of authoritative and non-authoritative guidance. This reorganization does not change current GAAP guidance, rather only changes the way it is organized. The Company adopted the Codification as of September 30, 2009.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* ("SFAS 141(R)") (codified as ASC 805), which replaced SFAS 141. The Company adopted SFAS 141(R) as of January 1, 2009 and there was no material impact on the consolidated financial statements as of December 31, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS 160") (codified as ASC 810). The Company adopted this revision as of January 1, 2009 and there was no impact on the consolidated financial statements as the Company's non-controlling interests were not material.

On March 19, 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities,* ("SFAS 161") (codified by ASC 815). SFAS 161 amends FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, ("SFAS 133") and was issued in response to concerns and criticisms about the lack of adequate disclosure of derivative instruments and hedging activities. The Company adopted SFAS 161 as of January 1, 2009 and there was no impact on the consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position ("FSP") Emerging Issues Task Force ("EITF") 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1") (codified by ASC 260). The Company adopted this standard as of January 1, 2009 and it did not have a material impact on the Company's consolidated financial statements.

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (codified by ASC 820). This FSP provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This update is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this FSP did not have a material effect on the Company's consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1) and (APB 28-1) (codified as ASC 825). FSP FAS 107-1 and APB 28-1 amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim as well as in annual financial statements and amends guidance previously referenced as APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in interim financial statements. FSP FAS 107-1 and APB 28-1 were adopted as of June 30, 2009 and did not have a material impact on the Company's consolidated financial statement disclosures.

In September 2009, the FASB issued FASB Accounting Standards Update ("ASU") 2009-12, *Fair Value Measurements and Disclosures (Topic 820), Investments in Certain Entities That Calculate Net Asset Value Per Share.* The Company adopted this standard as of December 31, 2009 and it did not have a material impact on the consolidated financial statements.

In September 2009, the FASB issued ASU 2009-13 and ASU 2009-14, *Revenue Recognition (Topic 605), Multiple Deliverable Revenue Arrangements* relating to revenue recognition for arrangements with multiple deliverables that do not fall under ASC 605-985. This guidance eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the overall arrangement fee that is attributable to items that already have been delivered. As a result, the new guidance may allow some companies to recognize revenue on transactions that involve multiple deliverables earlier than under current requirements. This guidance is effective for the Company on January 1, 2011. The Company is currently assessing the impact this Statement will have on its consolidated financial statements.

Reclassifications

During 2009, the Company refined the definition of its cost of software licenses fees in order to better conform to industry practice. The Company's definition of cost of software license fees has been revised to include third-party software royalties as well as the amortization of purchased and developed software for resale. Previously, cost of software license fees also included certain costs associated with maintaining software products that have already been developed and directing future product development efforts. These costs included human resource costs and other incidental costs related to product management, documentation, publications and education. These costs have now been reclassified to research and development and cost of maintenance and services. As a result of this change in definition of cost of software license fees, the Company reclassified $2.7 million, $0.2 million, and $1.6 million to the cost of maintenance and services from the cost of software license fees in the accompanying consolidated statements of operations for the year ended December 31, 2008, three months ended December 31, 2007, and year ended September 30, 2007. The Company reclassified $30.5 million, $6.6 million, and $20.6 million to research and development from cost of software license fees in the accompanying consolidated statements of operations for the year ended December 31, 2008, three months ended December 31, 2007, and year ended September 30, 2007. Additionally, $5.0 million of third-party royalties have been reclassified from cost of maintenance and services to cost of software for the year ended December 31, 2008 to conform to the current period presentation.

Also for the year ended December 31, 2009, the Company reported depreciation and amortization expense (excluding amortization of purchased and developed software for resale) as a separate line item in the consolidated statements of operations. Previously, depreciation and amortization was allocated to functional line items of the consolidated statement of operations rather than being reported as a separate line item. As a result of disclosing depreciation and amortization as a separate line item, the Company reclassified $4.4 million from cost of software licenses fees, $5.4 million from cost of maintenance and services, $0.5 million from research and development, $0.8 million from selling and marketing, and $5.5 million from general and administrative for the year ended December 31, 2008. The Company reclassified $0.9 million from cost of software licenses fees, $1.4 million from cost of maintenance and services, $0.1 million from research and development, $0.1 million from selling and marketing, and $1.4 million from general and administrative for the three months ended December 31, 2007. The Company reclassified $2.6 million from cost of software licenses fees, $3.9 million from cost of maintenance and services, $0.4 million from research and development, $0.3 million from selling and marketing, and $4.5 million from general and administrative for the year ended September 30, 2007.

These reclassifications have been made to prior periods to conform to the current period presentation. These reclassifications did not impact total expenses or net income (loss) for the prior periods presented.

2. Acquisitions

Fiscal 2009 Acquisition

Euronet Essentis Limited

On November 17, 2009, the Company acquired certain intellectual property, trade names, customer contracts and working capital of Essentis, a division of Euronet Worldwide, Inc. Essentis, based in Watford, England, is a provider of card issuing and merchant acquiring solutions around the world.

The aggregate purchase price of Essentis was 3.9 million British pounds sterling (approximately $6.6 million), after working capital adjustments as outlined in the purchase agreement. The allocation of the purchase price to specific assets and liabilities was based, in part, upon outside appraisals of the fair value of certain assets. In connection with the acquisition, the Company recorded the following amounts based upon its preliminary purchase price allocation during the fourth quarter (in thousands, except weighted-average useful lives):

	Amount	Weighted-Average Useful Lives
Current assets	$ 668	
Noncurrent assets:		
Property and equipment	302	
Goodwill	1,539	
Intellectual property rights	2,758	5 years
Customer contracts	1,999	9 years
Trade name	276	5 years
Total assets acquired	7,542	
Current liabilities acquired	(968)	
Net assets acquired	$ 6,574	

Factors contributing to the purchase price which resulted in the goodwill (which is tax deductible) include the acquisition of management, sales, and technology personnel with the skills to market new and existing products of the company. Pro forma results are not presented because they are not material.

Fiscal 2007 Acquisitions

Visual Web Solutions, Inc.

On February 7, 2007, the Company acquired Visual Web, a provider of international trade finance and web-based cash management solutions, primarily to financial institutions in the Asia/Pacific region. These solutions complement and have been integrated with the Company's U.S.-centric cash management and online banking solutions to create a more complete international offering. Visual Web had wholly-owned subsidiaries in Singapore for sales and customer support and in Bangalore, India for product development and services.

The financial operating results of Visual Web beginning February 7, 2007 have been included in the consolidated financial results of the Company.

The aggregate purchase price of Visual Web, including direct costs of the acquisition, was $8.3 million, net of $1.1 million of cash acquired. Under the terms of the acquisition, the parties established a cash escrow arrangement in which $1.1 million of the cash consideration paid at closing is held in escrow as security for tax and other contingencies. The allocation of the purchase price to specific assets and liabilities was based, in part, upon outside appraisals of the fair value of certain assets.

In connection with the acquisition, the Company recorded the following amounts based upon its preliminary purchase price allocation (in thousands, except weighted-average useful lives):

	Amount	Weighted-Average Useful Lives
Current assets:		
Billed receivables, net of allowances	$ 801	
Accrued receivables	333	
Other	441	
Noncurrent assets:		
Property and equipment	558	
Developed software	1,339	6.0 years
Goodwill	6,863	
Customer relationships, noncompetes, and other intangible assets	1,241	8.0 years
Total assets acquired	11,576	
Current liabilities	2,310	
Long-term liabilities	971	
Total liabilities assumed	3,281	
Net assets acquired	$ 8,295	

During the year ended September 30, 2007, the Company adjusted the initial purchase price allocation resulting in an increase in goodwill of $0.5 million, net due to tax contingencies. The finalization of the purchase price allocation may result in certain adjustments to the preliminary amounts including tax contingencies and escrow settlements. Factors contributing to the purchase price which resulted in the recognized goodwill (none of which will be tax deductible) include the acquisition of management, sales, and technology personnel with the skills to develop and market new products of the Company. Pro forma results are not presented because they are not material.

Stratasoft Sdn Bhd

On April 2, 2007, the Company acquired Stratasoft, a provider of electronic payment solutions in Malaysia. This acquisition compliments the Company’s strategy to move to a direct sales model in selected markets in Asia.

The financial operating results of Stratasoft beginning April 2, 2007 have been included in the consolidated financial results of the Company.

The aggregate purchase price of Stratasoft, including direct costs of the acquisition, was $2.5 million, net of $0.7 million of cash acquired. During the year ended December 31, 2009, the Company paid an additional amount of $0.5 million to the sellers as Stratasoft achieved certain financial targets set forth in the purchase agreement for the year ended December 31, 2008.

In connection with the acquisition, the Company recorded the following amounts based upon its preliminary purchase price allocation (in thousands, except weighted-average useful lives):

	Amount	Weighted-Average Useful Lives
Current assets:		
Billed receivables, net of allowances	$ 573	
Accrued receivables	10	
Other	396	
Noncurrent assets:		
Property and equipment	57	
Goodwill	712	
Customer relationships and noncompete	1,283	6.9 years
Other	25	
Total assets acquired	3,056	
Current liabilities	114	
Long-term liabilities	414	
Total liabilities assumed	528	
Net assets acquired	$ 2,528	

Prior to the acquisition, Stratasoft had been a distributor of the Company's products within the Malaysian market. Preexisting relationships included trade receivables and payables and certain contracts which were measured at fair value at the acquisition date, resulting in no gain or loss.

During the year ended September 30, 2007, the Company adjusted the initial purchase price allocation resulting in an increase in goodwill of $0.1 million, net due to tax contingencies. Factors contributing to the purchase price which resulted in the recognized goodwill (none of which will be tax deductible) included the acquisition of management, sales, and technology personnel with the skills to develop and market new products of the Company. Pro forma results are not presented because they are not material.

3. Property and Equipment

As of December 31, 2009 and 2008, net property and equipment, which includes assets under capital leases primarily in computer and office equipment, consisted of the following (in thousands):

	December 31, 2009	December 31, 2008
Computer and office equipment(1)	$ 32,633	$ 31,057
Furniture and fixtures	10,558	11,284
Leasehold improvements	6,624	6,335
Vehicles and other	135	258
	49,950	48,934
Less: accumulated depreciation and amortization	(32,380)	(29,513)
Property and equipment, net	$ 17,570	$ 19,421

(1) Includes $2.6 and $1.2 million of computer and office equipment under capital lease for the years ended December 31, 2009 and 2008, respectively.

Asset Retirement Obligations

We have contractual obligations with respect to the retirement of certain leasehold improvements at maturity of facility leases and the restoration of facilities back to their original state at the end of the lease term. Accruals are made based on management's estimates of current market restoration costs, inflation rates, and discount rates. At the inception of a lease, the present value of the expected cash payment is recognized as an asset retirement obligation with a corresponding amount recognized in property assets. The property asset amount is amortized, and the liability is accreted, over the period from lease inception to the time we expect to vacate the premises resulting in both depreciation and interest charges in the consolidated statement of operations. Discount rates used are based on credit-adjusted risk-free interest rates. Based on our current lease commitments, obligations are required to be settled commencing during fiscal year 2010 and ending during fiscal year 2016. Revisions to these obligations may be required if our estimates of restoration costs change. At December 31, 2009 and 2008, we had obligations of $1.7 and $1.3 million, respectively, recorded in other non-current liabilities in the accompanying consolidated balance sheet.

During the year ended December 31, 2008, the Company terminated the lease for one of its facilities in Watford, England. Pursuant to the termination agreement, the Company paid a termination fee of approximately $0.9 million that was recorded in general and administrative expenses in the accompanying consolidated statement of operations for the year ended December 31, 2008. Under the termination agreement, the Company was relieved of its contractual obligations with respect to the restoration of facilities back to their original condition. As a result, the Company recognized a gain of approximately $1.0 million related to the relief from this liability, which is also recorded in general and administrative expenses in the accompanying consolidated statement of operations.

4. Goodwill

Changes in the carrying amount of goodwill attributable to each reporting unit with goodwill balances during the years ended December 31, 2009 and 2008, were as follows (in thousands):

	Americas	EMEA	Asia/Pacific	Total
Gross Balance prior to December 31, 2007	$ 187,153	$ 49,606	$ 17,443	$ 254,202
Total impairment prior to December 31, 2007	(47,432)	—	—	(47,432)
Balance, December 31, 2007	139,721	49,606	17,443	206,770
Foreign currency translation adjustments	(546)	(6,223)	(381)	(7,150)
Additions — S2 Systems, Inc.(1)	155	—	—	155
Additions — Visual Web(2)	—	—	211	211
Balance, December 31, 2008	139,330	43,383	17,273	199,986
Foreign currency translation adjustments	479	1,924	449	2,852
Additions — Stratasoft(3)	—	—	473	473
Additions — acquisition of Essentis(4)	—	1,539	—	1,539
Balance, December 31, 2009	$ 139,809	$ 46,846	$ 18,195	$ 204,850

(1) Adjustment to S2 Systems, Inc. acquisition relates to contingency payments made in accordance with the purchase agreement.

(2) Visual Web purchase accounting adjustment relates to an adjustment to tax contingencies.

(3) Adjustment to Stratasoft acquisition relates to earn out payment made in accordance with the purchase agreement.

(4) Addition relates to goodwill acquired during the acquisition of Essentis.

Goodwill is assessed for impairment on October 1st at the reporting unit level. During this assessment, management relies on a number of factors, including operating results, business plans, and anticipated future cash flows. The initial step requires the Company to determine the fair value of each reporting unit and compare it to the carrying value, including goodwill, of such reporting unit. If the fair value exceeds the carrying value, no impairment loss is to be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of this unit may be impaired. The amount of impairment, if any, is then measured based upon the estimated fair value of goodwill at the valuation date. During the years ended December 31, 2009, and 2008, the Company performed an impairment test for each reporting unit. No impairment losses were recognized for the years reported.

5. Software and Other Intangible Assets

At December 31, 2009, software net book value totaled $30.0 million, net of $37.9 million of accumulated amortization. Included in this amount is software marketed for external sale of $18.6 million. The remaining software net book value of $11.4 million is comprised of various software that has been acquired or developed for internal use. The Company added intellectual property assets of $2.8 million, from the acquisition of Essentis during the year ended December 31, 2009.

Amortization of acquired software marketed for external sale is computed using the greater of the ratio of current revenues to total estimated revenues expected to be derived from the software or the straight-line method over an estimated useful life of generally three to six years. Software for resale amortization expense recorded during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 totaled $5.7 million, $5.4 million, $1.3 million and $5.2 million, respectively. These software amortization expense amounts are reflected in cost of software license fees in the consolidated statements of operations. Amortization of software for internal use recorded during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 totaled $5.5 million, $3.7 million, $0.7 million and $2.9 million, respectively. These software amortization expense amounts are reflected in depreciation and amortization in the consolidated statements of operations.

The carrying amount and accumulated amortization of the Company's other intangible assets that were subject to amortization at each balance sheet date are as follows (in thousands):

	December 31, 2009			December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
Customer relationships	$ 41,636	$ (19,727)	$ 21,909	$ 39,020	$ (15,333)	$ 23,687
Purchased contracts	11,179	(7,030)	4,149	11,030	(5,081)	5,949
Trademarks and tradenames	2,526	(1,711)	815	2,236	(1,592)	644
Covenant not to compete	74	(41)	33	1,537	(1,470)	67
	$ 55,415	$ (28,509)	$ 26,906	$ 53,823	$ (23,476)	$ 30,347

The Company added other intangible assets of $2.2 million, from the acquisition of Essentis during the year ended December 31, 2009. Other intangible assets amortization expense recorded during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 totaled $6.1 million, $6.4 million, $1.6 million, and $6.5 million, respectively. Based on capitalized intangible assets at December 31, 2009, and assuming no impairment of these intangible assets, estimated amortization expense amounts in future fiscal years are as follows (in thousands):

Fiscal Year Ending December 31,	Software Amortization	Other Intangible Assets Amortization
2010	$ 12,405	$ 6,347
2011	9,035	5,993
2012	6,489	4,922
2013	1,759	4,667
2014	349	2,864
Thereafter	—	2,113
Total	$ 30,037	$ 26,906

6. Debt

Long-term Credit Facility

In connection with funding the purchase of P&H Solutions, Inc., on September 29, 2006 the Company entered into a five year revolving credit facility with a syndicate of financial institutions, as lenders, providing for revolving loans and letters of credit in an aggregate principal amount not to exceed $150 million. The Company has the option to increase the aggregate principal amount to $200 million. The facility has a maturity date of September 29, 2011, at which time any principal amounts outstanding are due. Obligations under the facility are unsecured and uncollateralized, but are jointly and severally guaranteed by certain domestic subsidiaries of the Company.

The Company may select either a base rate loan or a LIBOR based loan. Base rate loans are computed at the national prime interest rate plus a margin ranging from 0% to 0.125%. LIBOR based loans are computed at the applicable LIBOR rate plus a margin ranging from 0.625% to 1.375%. The margins are dependent upon the Company’s total leverage ratio at the end of each quarter. The initial borrowing rate on September 29, 2006 was set using the base rate option, effecting a rate of 8.25%. Interest is due and payable quarterly.

On October 5, 2006, the Company exercised its right to convert the rate on its initial borrowing to the LIBOR based option, thereby reducing the effective interest rate to 6.12%. The interest rate in effect at December 31, 2009 was 1.0%. On July 18, 2007 the Company entered into an interest rate swap with a commercial bank to fix the interest rate. See Note 7, “Derivative Instruments and Hedging Activities”, for details. There is also an unused commitment fee to be paid annually of 0.15% to 0.3% based on the Company’s leverage ratio. The initial principal borrowings of $75 million were outstanding at December 31, 2009. The amount of unused borrowings actually available under the revolving credit facility varies in accordance with the terms of the agreement. In connection with the borrowing, the Company incurred debt issue costs of $1.7 million.

The credit facility contains certain affirmative and negative covenants including certain financial measurements. The facility also provides for certain events of default. At December 31, 2009 and December 31, 2008, (and at all times during these periods) the Company was in compliance with its debt covenants. The facility does not contain any subjective acceleration features and does not have any required payment or principal reduction schedule and is included as non-current in the accompanying consolidated balance sheet.

On August 27, 2007, the Company entered into an amendment to its credit agreement with Wachovia Bank which amended the definition of consolidated EBITDA, as it relates to the calculation for the Company’s debt covenants, to exclude certain non-recurring items, and to incorporate the change in the Company’s fiscal year end to a calendar year, effective January 1, 2008.

At December 31, 2009, the fair value of the Company’s long-term credit facility approximates its carrying value.

7. Derivative Instruments and Hedging Activities

The Company maintains an interest-rate risk-management strategy that uses derivative instruments to mitigate the risk of variability in future cash flows (and related interest expense) associated with currently outstanding and forecasted floating rate bank borrowings due to changes in the benchmark interest rate, (LIBOR).

At December 31, 2009, the Company had $75 million of outstanding variable-rate borrowings under a 5-year $150 million revolver facility that matures on September 29, 2011. The variable-rate benchmark is 3-month LIBOR — see Note 6, “Debt”.

During the year ended September 30, 2007, the Company entered into interest-rate swaps to convert its existing and forecasted variable-rate borrowing needs to fixed rates as follows:

- On July 18, 2007, the Company entered into an interest rate swap with a commercial bank whereby the Company pays a fixed rate of 5.375% and receives a floating rate indexed to the 3-month LIBOR (5.36% at inception) from the counterparty on a notional amount of $75 million with re-pricing of the variable rate quarterly. The swap effective date was July 20, 2007 and terminates on October 4, 2010. Net cash settlement payments occurred quarterly on the 4th of each October, January, April and July commencing October 4, 2007, through and including the termination date. During the year ended December 31, 2009, the Company elected 1-month LIBOR as the variable-rate benchmark for its revolving facility. The Company also amended the interest rate swap on the $75 million notional amount from the 3-month LIBOR to 1-month LIBOR. This basis swap did not impact the maturity date of or the accounting for the interest rate swap. The fair value liability at December 31, 2009 of this swap was $2.3 million.
- On August 16, 2007, the Company entered into a forward starting interest rate swap with a commercial bank whereby the Company pays a fixed rate of 4.90% and receives a floating rate indexed to the 3-month LIBOR from the counterparty on a notional amount of forecasted borrowings of $50 million with re-pricing of the variable rate quarterly. The swap effective date was October 4, 2007 and terminates on October 4, 2010. Net cash settlement payments occur quarterly on the 4th of each January, April, July and October commencing January 4, 2008, through and including the termination date. The fair value liability at December 31, 2009 of this swap was $3.0 million.

Although the Company believes that these interest rate swaps will mitigate the risk of variability in future cash flows associated with existing and forecasted variable rate borrowings during the term of the swaps, neither swap currently qualifies for hedge accounting. Accordingly, the loss resulting from the change in the fair value of the interest rate swaps of $1.6 million, $5.8 million, $2.5 million, and $2.1 million for the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 31, 2007, respectively, is reflected as expense in other income (expense), net in the accompanying consolidated statements of operations. Changes in the fair value of the interest rate swaps were as follows (in thousands):

	Asset (Liability)
Fair value, December 31, 2007	$ (4,552)
Net settlement payments	1,728
Loss recognized in earnings	(5,800)
Fair value, December 31, 2008	(8,624)
Net settlement payments	4,993
Loss recognized in earnings	(1,640)
Fair value, December 31, 2009	$ (5,271)

As of December 31, 2009, the $5.3 million fair value liability is recorded in other current liabilities in the accompanying consolidated balance sheet.

Net settlements are measured monthly and paid quarterly for the $50 million swap and paid monthly for the $75 million swap. The net settlements are recorded in other income (expense) in the accompanying consolidated statements of operations. Included in the $5.3 million fair value at December 31, 2009, is approximately $0.8 million of net settlement obligations paid by the Company subsequent to December 31, 2009.

8. Fair Value of Financial Instruments

Effective January 1, 2008, the Company adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (previous GAAP guidance was *SFAS No. 157, Fair Value Measurements ("SFAS 157")*), for financial assets and financial liabilities. ASC 820 (*SFAS 157*) defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

ASC 820 *(SFAS 157)* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 (*SFAS 157*) establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs* — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2 Inputs* — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.
- *Level 3 Inputs* — Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Derivatives. Derivatives are reported at fair value utilizing Level 2 inputs. The Company utilizes valuation models prepared by a third-party with observable market data inputs to assist management in estimating the fair value of its interest rate swaps.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

	Fair Value Measurements at Reporting Date Using		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liabilities	$ —	$ 8,624	$ —
Total liabilities as of December 31, 2008	$ —	$ 8,624	$ —
Derivative liabilities	$ —	$ 5,271	$ —
Total liabilities as of December 31, 2009	$ —	$ 5,271	$ —

Certain non-financial assets and non-financial liabilities measured at fair value on a recurring basis include reporting units measured at fair value in the first step of a goodwill impairment test. Certain non-financial assets measured at fair value on a non-recurring basis include non-financial assets and non-financial liabilities measured at fair value in the second step of a goodwill impairment test, as well as intangible assets and other non-financial long-lived assets measured at fair value for impairment assessment.

The Company pays interest quarterly on its long-term revolving credit facility based upon the LIBOR rate plus a margin ranging from 0.625% to 1.375%, the margin being dependent upon the Company's total leverage ratio at the end of the quarter. At December 31, 2009, the fair value of the Company's long-term revolving credit facility approximates its carrying value.

9. Corporate Restructuring and Other Reorganization Charges

We summarize the components of corporate restructuring and other reorganization charges in the following table (amounts in thousands):

	Termination Benefits
Balance, December 31, 2007	$ 1,397
Additional restructuring charges incurred	5,888
Amounts paid during the period	(4,697)
Other(1)	(41)
Balance, December 31, 2008	2,547
Additional restructuring charges incurred	2,870
Adjustments to recognized liabilities	181
Amounts paid during the period	(5,155)
Other(1)	(131)
Balance, December 31, 2009	$ 312

(1) Other includes the impact of foreign currency translation.

At December 31, 2009 and 2008, the liabilities were classified as short-term in accrued employee compensation in the accompanying consolidated balance sheets. See Note 19, "International Business Machines Corporation Information Technology Outsourcing Agreement" for additional severance charges incurred.

2009

During the year ended December 31, 2009, the Company reduced its headcount by 120 employees as a part of its plan to reduce operating expenses. In connection with these actions, during the year ended December 31, 2009, approximately $2.9 million of termination costs were recognized in general and administrative expense in the accompanying consolidated statement of operations. The charges, by segment, were as follows for the year ended December 31, 2009: $1.5 million in the Americas segment, $1.1 million in the EMEA segment, and $0.3 million in the Asia/Pacific segment. Approximately $2.6 million of these termination costs were paid during the year ended December 31, 2009. The remaining liability is expected to be paid over the next 12 months.

2008

During the year ended December 31, 2008, the Company reduced its headcount by 110 employees as a part of its strategic plan to reduce operating expenses. In connection with these actions, during the year ended December 31, 2008, approximately $5.6 million of termination costs were recognized in general and administrative expense in the accompanying consolidated statement of operations. The charges, by segment, were as follows for the year ended December 31, 2008: $2.2 million in the Americas segment, $2.6 million in the EMEA segment, and $0.8 million in the Asia/Pacific segment. Approximately $3.0 million of these termination costs were paid during the year ended December 31, 2008.

10. Common Stock, Treasury Stock and Earnings Per Share

The Company's board of directors has approved a stock repurchase program authorizing the Company, from time to time as market and business conditions warrant, to acquire up to $210 million of its common stock. Under the program to date, the Company has purchased approximately 7,082,180 shares for approximately $168 million. The maximum remaining dollar value of shares authorized for purchase under the stock repurchase program was approximately $42 million as of December 31, 2009.

During the year ended September 30, 2006, the Company began to issue shares of treasury stock upon exercise of stock options, payment of earned performance shares, issuance of restricted stock awards and for issuances of common stock pursuant to the Company's employee stock purchase plan. Treasury shares issued during the year ended September 30, 2007 included 10,343 shares issued pursuant to stock option exercises and 1,483 for earned performance shares. Treasury shares issued during the three month period ended December 31, 2007 included 51,160 shares issued pursuant to stock option exercises. Treasury shares issued during the year ended December 31, 2008 included 311,640 and 471,400 shares issued pursuant to stock option exercises and restricted share award grants, respectively. Treasury shares issued during the year ended December 31, 2009 included 150,134 and 23,500 shares issued pursuant to stock option exercises and restricted share award grants, respectively.

Earnings (loss) per share is computed in accordance with ASC 260, *Earnings per Share* (previous GAAP reference was *SFAS No. 128*, *Earnings per Share*). Basic earnings (loss) per share is computed on the basis of weighted average outstanding common shares. Diluted earnings (loss) per share is computed on the basis of basic weighted average outstanding common shares adjusted for the dilutive effect of stock options and other outstanding dilutive securities.

The following table reconciles the average share amounts used to compute both basic and diluted earnings (loss) per share (in thousands):

	Years Ended December 31,		Three Months Ended December 31,	Year Ended September 30,
	2009	2008	2007	2007
Weighted average share outstanding:				
Basic weighted average shares outstanding	34,368	34,498	35,700	36,933
Add: Dilutive effect of stock options, restricted stock awards and other dilutive securities	186	297	—	—
Diluted weighted average shares outstanding	34,554	34,795	35,700	36,933

For the year ended December 31, 2009, 5.6 million options to purchase shares, contingently issuable shares, and common stock warrants were excluded from the diluted net income per share computation as their effect would be anti-dilutive. For the year ended December 31, 2008, 5.8 million options to purchase shares and contingently issuable shares and common stock warrants were excluded from the diluted net income as their effect would be anti-dilutive. For the three months ended December 31, 2007, 3.9 million options to purchase shares, contingently issuable shares, and common stock warrants were excluded from the diluted net income (loss) per share computation due to the net loss. For the year ended September 30, 2007, 4.0 million options to purchase shares, restricted share awards and contingently issuable shares were excluded from the diluted net income (loss) per share computation due to the net loss.

11. Other Income/Expense

Other income (expense) is comprised of the following items (in thousands):

	Years Ended December 31, 2009	Years Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended September 30, 2007
Foreign currency transaction gains (losses)	$ (5,275)	$ 13,814	$ 1,890	$ (1,915)
Loss on interest rate swap	(1,640)	(5,800)	(2,475)	(2,077)
Gain on transfer of assets under contractual obligations (Note 16)	1,049	219	386	404
Other	(782)	14	(135)	(152)
Total	$ (6,648)	$ 8,247	$ (334)	$ (3,740)

12. Segment Information

The Company’s chief operating decision maker, together with other senior management personnel, currently focus their review of consolidated financial information and the allocation of resources based on reporting of operating results, including revenues and operating income, for the geographic regions of the Americas, EMEA and Asia/Pacific. The Company’s products are sold and supported through distribution networks covering these three geographic regions, with each distribution network having its own sales force. The Company supplements its distribution networks with independent reseller and/or distributor arrangements. As such, the Company has concluded that its three geographic regions are its reportable operating segments.

The Company’s chief operating decision makers review financial information presented on a consolidated basis, accompanied by disaggregated information about revenues and operating income by geographical region.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company allocated segment support expenses such as global product delivery, business operations, and management based upon percentage of revenue per segment. Corporate costs are allocated as a percentage of the headcount by segment. The following is selected segment financial data for the periods indicated (in thousands):

	Years Ended December 31,		Three Months Ended December 31,	Year Ended September 30,
	2009	2008	2007	2007
Revenues:				
Americas	$ 222,952	$ 207,350	$ 49,618	$ 195,775
EMEA	137,061	169,046	43,094	133,776
Asia/Pacific	45,742	41,257	8,570	36,667
	$ 405,755	$ 417,653	$ 101,282	$ 366,218
Depreciation and amortization expense:				
Americas	$ 15,759	$ 15,705	$ 3,712	$ 14,292
EMEA	4,986	4,566	1,127	5,112
Asia/Pacific	2,982	1,779	381	1,099
	$ 23,727	$ 22,050	$ 5,220	$ 20,503
Stock-based compensation expense (recovery):				
Americas	$ 3,804	$ 3,895	$ 46	$ 4,033
EMEA	2,165	2,689	(46)	2,759
Asia/Pacific	1,676	1,304	(5)	777
	$ 7,645	$ 7,888	$ (5)	$ 7,569
Operating income (loss):				
Americas	$ 42,344	$ 21,714	$ 2,883	$ 14,578
EMEA	6,963	2,140	403	(16,942)
Asia/Pacific	(7,737)	(2,141)	(434)	4,783
	$ 41,570	$ 21,713	$ 2,852	$ 2,419

	December 31,	
	2009	2008
Long-lived assets:		
Americas — United States	$ 184,295	$ 190,940
Americas — Other	4,306	3,594
EMEA	79,491	77,205
Asia/Pacific	21,865	21,660
	$ 289,957	$ 293,399

	December 31, 2009	December 31, 2008
Total assets:		
Americas — United States	$ 345,304	$ 314,296
Americas — Other	15,718	14,506
EMEA	187,356	178,085
Asia/Pacific	41,665	45,955
	$ 590,043	$ 552,842

Additionally, the Company offers five primary software product lines that are sold in each of the geographic regions listed above. Following are revenues, by product line (in thousands):

	Years Ended December 31, 2009	Years Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended September 30, 2007
Retail payment engines	$ 255,193	$ 263,641	$ 62,818	$ 230,003
Wholesale payments	72,608	78,857	16,204	64,155
Risk management	25,521	17,058	2,790	14,797
Payments management/Back Office	15,272	18,871	4,794	16,995
Application services solutions	37,161	39,226	14,676	40,268
Total	$ 405,755	$ 417,653	$ 101,282	$ 366,218

No country outside of the United States accounted for more than 10% of the Company's consolidated revenues during the year ended December 31, 2009 and the year ended September 30, 2007. Aggregate revenues attributable to customers in the United Kingdom accounted for 12.7% and 14.9% of the Company's consolidated revenues during the year ended December 31, 2008 and the three months ended December 31, 2007. No single customer accounted for more than 10% of the Company's consolidated revenues during the years ended December 31, 2009 and 2008, the three months ended December 31, 2007, and the year ended September 30, 2007.

During the year ended December 31, 2009 and 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007, revenues in the United States accounted for approximately $172.7 million, $156.6 million, $36.0 million, and $138.1 million, respectively, of consolidated revenue.

13. Stock-Based Compensation Plans

Employee Stock Purchase Plan

Under the Company's 1999 Employee Stock Purchase Plan (the "ESPP"), a total of 1,500,000 shares of the Company's common stock have been reserved for issuance to eligible employees. Participating employees are permitted to designate up to the lesser of $25,000 or 10% of their annual base compensation for the purchase of common stock under the ESPP. Purchases under the ESPP are made one calendar month after the end of each fiscal quarter. The price for shares of common stock purchased under the ESPP is 85% of the stock's fair market value on the last business day of the three-month participation period. Shares issued under the ESPP during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, totaled 77,011, 101,671, and 78,932, respectively. No shares were issued under the ESPP during fiscal 2007 while the Company was not current with its filings with the SEC.

Additionally, the discount offered pursuant to the Company's ESPP discussed above is 15%, which exceeds the 5% non-compensatory guideline in ASC 718 (SFAS No. 123(R)) and exceeds the Company's estimated cost of raising capital. Consequently, the entire 15% discount to employees is deemed to be compensatory for purposes of calculating expense using a fair value method. Compensation cost related to the ESPP in the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007, and the year ended September 30, 2007 was approximately $0.2 million, $0.2 million, $0.1 million, and $0.3 million, respectively.

On July 24, 2007, the Company's stockholders approved a proposal to amend the ESPP to extend the term of the ESPP by ten years to April 30, 2018. The term of the amended ESPP commenced May 1, 2008 and continues until April 30, 2018 subject to earlier termination by the Company's board of directors.

Stock Incentive Plans — Active Plans

The Company has a 2005 Equity and Performance Incentive Plan, as amended (the "2005 Incentive Plan"), under which shares of the Company's common stock have been reserved for issuance to eligible employees or non-employee directors of the Company. The 2005 Incentive Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, performance awards and other awards. The maximum number of shares of the Company's common stock that may be issued or transferred in connection with awards granted under the 2005 Incentive Plan will be the sum of (i) 5,000,000 shares and (ii) any shares represented by outstanding options that had been granted under designated terminated stock option plans that are subsequently forfeited, expire or are canceled without delivery of the Company's common stock.

On July 24, 2007, the stockholders of the Company approved the First Amendment to the 2005 Incentive Plan which increased the number of shares authorized for issuance under the plan from 3,000,000 to 5,000,000 and contained certain other amendments, including an amendment to provide that the exercise price for any options granted under the 2005 Incentive Plan, as amended, may not be less than the market value per share of common stock on the date of grant.

Stock options granted pursuant to the 2005 Incentive Plan are granted at an exercise price not less than the market value per share of the Company's common stock on the date of the grant. Prior to the adoption of the First Amendment to the 2005 Incentive Plan, stock options granted under the 2005 Incentive Plan were granted with an exercise price not less than the market value per share of common stock on the date immediately preceding the date of grant. Under the 2005 Incentive Plan, the term of the outstanding options may not exceed ten years. Vesting of options is determined by the Compensation Committee of the Board of Directors, the administrator of the 2005 Incentive Plan, and can vary based upon the individual award agreements.

Performance awards granted pursuant to the 2005 Incentive Plan become payable upon the achievement of specified management objectives. Each performance award specifies: (i) the number of performance shares or units granted, (ii) the period of time established to achieve the management objectives, which may not be less than one year from the grant date, (iii) the management objectives and a minimum acceptable level of achievement as well as a formula for determining the number of performance shares or units earned if performance is at or above the minimum level but short of full achievement of the management objectives, and (iv) any other terms deemed appropriate.

Restricted stock awards granted pursuant to the 2005 Incentive Plan have requisite service periods of four years and vest in increments of 25% on the anniversary dates of the grants. Under each arrangement, stock is issued without direct cost to the employee.

Upon adoption of the 2005 Incentive Plan in March 2005, the Board terminated the following stock option plans of the Company: (i) the 2002 Non-Employee Director Stock Option Plan, as amended, (ii) the MDL Amended and Restated Employee Share Option Plan, (iii) the 2000 Non-Employee Director Stock Option Plan, (iv) the 1997 Management Stock Option Plan, (v) the 1996 Stock Option Plan; and (vi) the 1994 Stock Option Plan, as amended. Termination of these stock option plans did not affect any options outstanding under these plans immediately prior to termination thereof.

Exchange Program

On August 1, 2001, the Company announced a voluntary stock option exchange program (the “Exchange Program”) offering to exchange all outstanding options to purchase shares of the Company’s common stock granted under the 1994 Stock Option Plan, 1996 Stock Option Plan and 1999 Stock Option Plan held by eligible employees or eligible directors for new options under the same option plans by August 29, 2001. The Exchange Program required any person tendering an option grant for exchange to also tender all subsequent option grants with a lower exercise price received by that person during the six months immediately prior to the date the options accepted for exchange are cancelled. Options to acquire a total of 3,089,100 shares of common stock with exercise prices ranging from $2.50 to $45.00 were eligible to be exchanged under the Exchange Program. The offer expired on August 28, 2001, and the Company cancelled 1,946,550 shares tendered by 578 employees. As a result of the Exchange Program, the Company granted replacement stock options to acquire 1,823,000 shares of common stock at an exercise price of $10.04. The difference between the number of shares cancelled and the number of shares granted relates to options cancelled by employees who terminated their employment with the Company between the cancellation date and regrant date. With the exception of three employee grants, the exercise price of the replacement options was the fair market value of the common stock on the grant date of the new options, which was March 4, 2002 (a date at least six months and one day after the date of cancellation). Under ASC 718 (previous GAAP reference was APB Opinion No. 25), non-cash, stock based compensation expense was recognized for any option for which the exercise price was below the market price on the applicable measurement date. This expense was amortized over the service periods of the options. For three employees, the cancellation of their awards were within the six months and one day waiting period and were, therefore, treated as variable awards when they were reissued on March 4, 2002. Under the variable method, charges are taken each reporting period to reflect increases in the fair value of the stock over the option exercise price until the stock option is exercised or otherwise cancelled. The new shares had a service period of 18 months beginning on the grant date of the new options, except for options tendered by executive officers under the 1994 Stock Option Plan, which vested 25% annually on each anniversary of the grant date of the new options. The Exchange Program was designed to comply with FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation*, for fixed plan accounting.

Stock Incentive Plans — Terminated Plans with Options Outstanding

The Company had a 2002 Non-Employee Director Stock Option Plan that was terminated in March 2005 whereby 250,000 shares of the Company’s common stock had been reserved for issuance to eligible non-employee directors of the Company. The term of the outstanding options is ten years. All outstanding options under this plan are fully vested.

The Company had a 1996 Stock Option Plan that was terminated in March 2005 whereby 1,008,000 shares of the Company’s common stock had been reserved for issuance to eligible employees of the Company and its subsidiaries and non-employee members of the board of directors. The term of the outstanding options is ten years. The options generally vest annually over a period of four years.

The Company had a 1994 Stock Option Plan that was terminated in March 2005 whereby 1,910,976 shares of the Company’s common stock had been reserved for issuance to eligible employees of the Company and its subsidiaries. The term of the outstanding options is ten years. The stock options vest ratably over a period of four years.

A summary of stock options issued under the various Stock Incentive Plans previously described and changes is as follows:

	Number of Shares	Weighted-Average Exercise Price ($)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value of In-the-Money Options ($)
Outstanding, September 30, 2006	3,459,090	$ 18.24		
Granted	901,496	33.99		
Exercised	(10,343)	9.29		
Forfeited	(129,126)	30.58		
Expired	(512,686)	13.25		
Outstanding, September 30, 2007	3,708,431	22.35		
Granted	—	—		
Exercised	(51,160)	10.75		
Forfeited	(15,000)	34.97		
Expired	(51,946)	25.20		
Outstanding, December 31, 2007	3,590,325	22.43		
Granted	551,700	17.46		
Exercised	(311,640)	12.33		
Forfeited	(307,866)	31.58		
Expired	(94,222)	23.48		
Outstanding, December 31, 2008	3,428,297	21.69		
Granted	505,183	16.17		
Exercised	(150,134)	12.06		
Forfeited	(125,606)	31.98		
Expired	(100,867)	29.82		
Outstanding, December 31, 2009	3,556,873	$ 20.72	6.12	$ 5,536,213
Exercisable, December 31, 2009	2,104,477	$ 20.68	5.01	$ 4,821,818

At December 31, 2009 we expect that that 94% of options granted will vest over the vesting period.

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2009, 2008, and September 30, 2007 was $8.59, $9.62, and $17.41, respectively. No stock options were granted during the three month period ended December 31, 2007. The total intrinsic value of stock options exercised during the years ended December 31, 2009, 2008, the three months ended December 31, 2007, and the year ended September 30, 2007 was $0.8, $1.7 million, $0.6 million, and $0.2 million, respectively.

The fair value of options granted in the respective fiscal years was estimated on the date of grant using the Black-Scholes option-pricing model, a pricing model acceptable under ASC 718 (SFAS No. 123(R)), with the following weighted-average assumptions:

	Years Ended December 31,		Year Ended September 30,
	2009	2008	2007
Expected life (years)	6.0	6.2	5.4
Risk-free interest rate	3.0%	3.1%	4.9%
Expected volatility	53.2%	54.9%	50.4%
Expected dividend yield	—	—	—

No stock options were granted during the three month period ended December 31, 2007.

Expected volatilities are based on the Company's historical common stock volatility derived from historical stock price data for historical periods commensurate with the options' expected life. The expected life of options granted represents the period of time that options granted are expected to be outstanding. The Company used the simplified method for determining the expected life as permitted under ASC 718 (previous GAAP reference was SAB 110, Topic 14, *Share-Based Payment*). The simplified method was used as the historical data did not provide a reasonable basis upon which to estimate the expected term. This is due to the extended period during which individuals were unable to exercise options while the Company was not current with its filings with the SEC. The risk-free interest rate is based on the implied yield currently available on United States Treasury zero coupon issues with a term equal to the expected life at the date of grant of the options. The expected dividend yield is zero as the Company has historically paid no dividends and does not anticipate dividends to be paid in the future.

During the year ended September 30, 2007, pursuant to the Company's 2005 Incentive Plan, the Company granted long-term incentive program performance share awards ("LTIP Performance Shares"). These LTIP Performance Shares are earned, if at all, based upon the achievement, over a specified period that must not be less than one year and is typically a three-year period (the "Performance Period"), of performance goals related to (i) the compound annual growth over the Performance Period in the Company's 60-month backlog as determined and defined by the Company, (ii) the compound annual growth over the Performance Period in the diluted earnings per share as reported in the Company's consolidated financial statements, and (iii) the compound annual growth over the Performance Period in the total revenues as reported in the Company's consolidated financial statements. In no event will any of the LTIP Performance Shares become earned if the Company's earnings per share is below a predetermined minimum threshold level at the conclusion of the Performance Period. Assuming achievement of the predetermined minimum earnings per share threshold level, up to 150% of the LTIP Performance Shares may be earned upon achievement of performance goals equal to or exceeding the maximum target levels for compound annual growth over the Performance Period in the Company's 60-month backlog, diluted earnings per share and total revenues. Management must evaluate, on a quarterly basis, the probability that the target performance goals will be achieved, if at all, and the anticipated level of attainment in order to determine the amount of compensation costs to record in the consolidated financial statements.

Through September 30, 2007, the Company had accrued compensation costs assuming an attainment level of 110% for awards granted in 2005 and 2006. During the three months ended December 31, 2007, the Company changed the expected attainment to 0% based upon revised forecasted diluted earnings per share, which the Company did not expect to achieve the predetermined earnings per share minimum threshold level required for the LTIP Performance Shares granted in 2005 and 2006 to be earned. As the performance goals were considered improbable of achievement, the Company reversed compensation costs related to the awards granted in 2005 and 2006 during the three months ended December 31, 2007. The Company did not achieve the predetermined earnings per share minimum threshold level as of September 30, 2008; therefore, the LTIP Performance Shares granted in 2005 and 2006 were not earned and were not issued.

Through September 30, 2008, the Company had accrued compensation costs assuming an attainment level of 100% for the awards granted during the year ended September 30, 2007. During the three months ended December 31, 2008, the Company changed the expected attainment to 0% based upon revised forecasted diluted earnings per share, which the Company did not expect to achieve the predetermined earnings per share minimum threshold level required for the LTIP Performance Shares granted in 2007 to be earned. As the performance goals were considered improbable of achievement, the Company reversed compensation costs related to the awards granted in fiscal 2007 during the three months ended December 31, 2008. These awards expired on December 31, 2009.

During the year ended December 31, 2009, pursuant to the Company's 2005 Incentive Plan, the Company granted LTIP Performance Shares. These LTIP Performance Shares are earned, if at all, based upon the achievement, over a specified period that must not be less than one year and is typically a three-year period (the "Performance Period"), of performance goals related to (i) the compound annual growth over the Performance Period in the sales for the Company as determined by the Company, and (ii) the cumulative operating income over the Performance Period as determined by the Company. In no event will any of the LTIP Performance Shares become earned if the Company's revenue growth or contribution margin is below a predetermined minimum threshold level at the conclusion of the Performance Period. Assuming achievement of the predetermined revenue growth and contribution margin threshold levels, up to 200% of the LTIP Performance Shares may be earned upon achievement of performance goals equal to or exceeding the maximum target levels for the performance goals over the Performance Period. Management must evaluate, on a quarterly basis, the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment in order to determine the amount of compensation costs to record in the consolidated financial statements.

A summary of the nonvested LTIP Performance shares is as follows:

Nonvested LTIP Performance Shares	Number of Shares at Expected Attainment	Weighted-Average Grant Date Fair Value
Nonvested at September 30, 2006	219,150	$ 28.99
Granted	174,947	34.25
Vested	—	—
Change in expected attainment for 2005 and 2006 grants	(55,260)	28.98
Forfeited or expired	(26,720)	28.91
Nonvested at September 30, 2007	312,117	31.95
Granted	—	—
Vested	—	—
Change in expected attainment for 2005 and 2006 grants	(132,110)	29.00
Forfeited or expired	(5,060)	29.10
Nonvested at December 31, 2007	174,947	34.25
Granted	—	—
Vested	—	—
Change in expected attainment for 2007 grants	(139,891)	34.24
Forfeited or expired	(35,056)	34.30
Nonvested at December 31, 2008	—	—
Granted	216,150	16.52
Vested	—	—
Forfeited or expired	—	—
Nonvested at December 31, 2009	216,150	$ 16.52

During the years ended December 31, 2009 and 2008, pursuant to the Company’s 2005 Incentive Plan, the Company granted restricted share awards (“RSAs”). These awards have requisite service periods of four years and vest in increments of 25% on the anniversary dates of the grants. Under each arrangement, stock is issued without direct cost to the employee. The Company estimates the fair value of the RSAs based upon the market price of the Company’s stock at the date of grant. The RSA grants provide for the payment of dividends on the Company’s common stock, if any, to the participant during the requisite service period (vesting period) and the participant has voting rights for each share of common stock. The Company recognizes compensation expense for RSAs on a straight-line basis over the requisite service period.

A summary of nonvested RSAs are as follows:

Nonvested Restricted Share Awards	Number of Restricted Share Awards	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2007	—	$ —
Granted	471,400	17.95
Vested	—	—
Forfeited or expired	(9,000)	17.17
Nonvested at December 31, 2008	462,400	17.97
Granted	23,500	16.65
Vested	(115,602)	17.97
Forfeited or expired	(55,750)	17.54
Nonvested at December 31, 2009	314,548	$ 17.94

As of December 31, 2009, there were unrecognized compensation costs of $8.0 million related to nonvested stock options that the Company expects to recognize over a weighted-average period of 2.3 years. As of December 31, 2009, there were unrecognized compensation costs of $4.3 million related to nonvested RSAs that the Company expects to recognize over a weighted-average period of 2.6 years. As of December 31, 2009, there were unrecognized compensation costs of $3.3 million related to nonvested LTIPs that the Company expects to recognize over a weighted-average period of 2.9 years.

Excluding the impact of the reversals of compensation expense for the LTIP Performance Shares, the Company recorded stock-based compensation expenses recognized under ASC 718 (SFAS No. 123(R)) during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007 related to stock options, LTIP Performance Shares, RSAs, and the ESPP of $7.6 million, $10.0 million, $2.1 million, and $7.6 million, respectively, with corresponding tax benefits of $3.0 million, $3.6 million, $0.8 million, and $2.9 million, respectively. Tax benefits in excess of the option's grant date fair value are classified as financing cash flows. Estimated forfeiture rates, stratified by employee classification, have been included as part of the Company's calculations of compensation costs. The Company recognizes compensation costs for stock option awards which vest with the passage of time with only service conditions on a straight-line basis over the requisite service period.

During the three months ended December 31, 2007, the Company reclassified 31,393 vested options from equity classification to liability classification, as these options were expected to cash settle subsequent to December 31, 2007 due to the suspension of option exercises because the Company was not current with its filings with the SEC. As a result, the Company recorded a liability of approximately $0.1 million and recorded compensation expense of $0.1 million in the three months ended December 31, 2007. During the year ended September 30, 2007, the Company reclassified 520,686 vested options from equity classification to liability classification as these options cash settled during the fiscal year ended September 30, 2007, due to the suspension of option exercises during the Company's historic stock option review and the period the Company was not current with its filings with the SEC. As a result, the Company incurred cash outlays of approximately $8.1 million, and recorded compensation expense of $4.7 million in the fiscal year ended September 30, 2007, which is recorded in general and administrative expense in the accompanying consolidated statement of operations.

14. Employee Benefit Plans

ACI 401(k) Plan

The ACI 401(k) Plan is a defined contribution plan covering all domestic employees of ACI. Participants may contribute up to 100% of their pretax annual compensation up to a maximum of $16,500 (for employees who are under the age of 50 on December 31, 2009) or a maximum of $21,500 (for employees aged 50 or older on December 31, 2009). The Company matches participant contributions 100% on every dollar deferred to a maximum of 4% of eligible compensation contributed to the plan, not to exceed $4,000 per employee annually. Company contributions charged to expense during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007 were $2.9 million, $3.0 million, $0.6 million, and $2.9 million, respectively.

ACI Worldwide EMEA Group Personal Pension Scheme

The ACI Worldwide EMEA Group Personal Pension Scheme is a defined contribution plan covering substantially all ACI Worldwide (EMEA) Limited ("ACI-EMEA") employees. For those ACI-EMEA employees who elect to participate in the plan, the Company contributes a minimum of 8.5% of eligible compensation to the plan for employees employed at December 1, 2000 (up to a maximum of 15.5% for employees aged over 55 years on December 1, 2000) or 6.0% of eligible compensation for employees employed subsequent to December 1, 2000. ACI-EMEA contributions charged to expense during the years ended December 31, 2009 and 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007 were $1.4 million, $1.8 million, $0.5 million, and $1.9 million, respectively.

15. Income Taxes

For financial reporting purposes, income (loss) before income taxes includes the following components (in thousands):

	Years Ended December 31,		Three Months Ended December 31,	Year Ended September 30,
	2009	2008	2007	2007
United States	$ 22,020	$ 29,276	$ 1,527	$ 17,061
Foreign	11,088	(1,720)	365	(20,944)
Total	$ 33,108	$ 27,556	$ 1,892	$ (3,883)

ACI WORLDWIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The provision (benefit) for income taxes consists of the following (in thousands):

	Years Ended December 31, 2009	Years Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended September 30, 2007
Federal				
Current	$ 9,964	$ 3,009	$ 5,953	$ 2,153
Deferred	(3,259)	6,712	(4,699)	2,887
Total	6,705	9,721	1,254	5,040
State				
Current	1,415	1,951	376	2,256
Deferred	(2,356)	(1,418)	(201)	(50)
Total	(941)	533	175	2,206
Foreign				
Current	6,465	4,489	1,959	(1,861)
Deferred	1,253	2,231	520	(137)
Total	7,718	6,720	2,479	(1,998)
Total	$ 13,482	$ 16,974	$ 3,908	$ 5,248

Differences between the income tax provisions computed at the statutory federal income tax rate and per the consolidated statements of operations are summarized as follows (in thousands):

	Years Ended December 31, 2009	Years Ended December 31, 2008	Three Months Ended December 31, 2007	Year Ended September 30, 2007
Tax expense at federal rate of 35%	$ 11,588	$ 9,645	$ 662	$ (1,357)
State income taxes, net of federal benefit	(293)	241	29	1,434
Increase (decrease) in valuation allowance	(723)	898	(83)	(1,845)
Foreign tax rate differential	5,589	7,020	2,713	7,508
Research and development credits	(587)	(195)	(49)	(195)
Extraterritorial income exclusion	—	—	—	(70)
Manufacturing deduction	(221)	(376)	(65)	—
Tax effect of foreign operations	(2,359)	—	—	—
Other	488	(259)	701	(227)
Income tax provision	$ 13,482	$ 16,974	$ 3,908	$ 5,248

The deferred tax assets and liabilities result from differences in the timing of the recognition of certain income and expense items for tax and financial accounting purposes. The sources of these differences at each balance sheet date are as follows (in thousands):

	December 31, 2009	December 31, 2008
Current net deferred tax assets:		
Impairment of investments	$ —	$ 4,754
Allowance for uncollectible accounts	204	310
Deferred revenue	4,255	6,053
Alliance deferred costs	4,397	—
Interest rate swaps	1,608	1,779
U.S. net operating loss carryforwards	1,418	2,098
Compensation	6,494	3,618
Other	577	805
Total current deferred tax assets	18,953	19,417
Less: valuation allowance	(1,494)	(2,412)
Net current deferred tax assets	$ 17,459	$ 17,005
Noncurrent net deferred tax assets:		
Noncurrent deferred tax assets		
Foreign tax credits	$ 8,849	$ 2,869
General business credits	1,926	2,817
U.S. net operating loss carryforwards	39	2,156
Stock based compensation	8,641	7,410
Foreign net operating loss carryforwards	6,511	7,759
Capital loss carryforwards	3,235	—
Deferred revenue	7,326	3,805
Interest rate swaps	—	1,176
Alliance deferred costs	9,236	7,972
FIN 48 adoption	1,103	1,103
Other	279	967
Total noncurrent deferred tax assets	47,145	38,034
Noncurrent deferred tax liabilities		
Depreciation and amortization	(12,189)	(16,939)
Total noncurrent deferred tax liabilities	(12,189)	(16,939)
Less: valuation allowance	(8,932)	(10,287)
Net noncurrent deferred tax assets (liabilities)	$ 26,024	$ 10,808

Amounts reflected in the above table for the year ended December 31, 2008 have been reclassified for comparability purposes.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers projected future taxable income, carryback opportunities and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, the Company believes it is more likely than not that it will realize the benefits of these deductible differences, net of the valuation allowances recorded. During the year ended December 31, 2009, the Company decreased its valuation allowance by $2.3 million.

The Company had domestic net operating loss carryforwards ("NOLs") for tax purposes of $4.0 million at December 31, 2009 relating to the pre-acquisition periods of acquired companies, which begin to expire in 2022.

At December 31, 2009, the Company had foreign tax NOLs of $24.7 million, of which $11.5 million may be utilized over an indefinite life, with the remainder expiring over the next 15 years. The Company has provided a $4.9 million valuation allowance against the tax benefit associated with these NOLs.

At December 31, 2009, the Company had domestic capital loss carryforwards of $8.9 million for which a full valuation allowance has been provided. The Company had foreign capital loss carryforwards for tax purposes of $0.5 million for which a full valuation allowance has been provided. The domestic losses expire in 2014 and the foreign losses are available indefinitely to offset future capital gains.

The Company had U.S. foreign tax credit carryforwards at December 31, 2009 of $4.5 million, which will begin to expire in 2019. The Company also had domestic general business credit carryforwards at December 31, 2009 of $1.9 million relating to the pre-acquisition periods of acquired companies, which will begin to expire in 2022. Approximately $0.1 million of these credits are alternative minimum tax ("AMT") credits which have an indefinite carryforward life.

At December 31, 2009, the Company had tax credits associated with various foreign subsidiaries of $1.5 million. The Company has provided a $1.2 million valuation allowance related to these tax credits.

The Company adopted the provisions of FIN 48 and FSP FIN 48-1 (now codified as ASC 740) effective October 1, 2007. FIN 48 prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in a tax return and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As a result of the implementation of FIN 48 (ASC 740), the Company recognized a decrease to retained earnings of $3.3 million, which included at October 1, 2007 an increase of $2.7 million in net unrecognized tax benefits. The unrecognized tax benefit at December 31, 2009 and December 31, 2008 was $10.9 million and $11.5 million, respectively, all of which is included in other noncurrent liabilities in the consolidated balance sheet. Of these amounts, $7.9 million and $9.0 million, respectively, represent the net unrecognized tax benefits that, if recognized, would favorably impact the effective income tax rate in respective years.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 is as follows (in thousands):

	2009	2008
Balance of unrecognized tax benefits at beginning of year	$ 11,535	$ 14,971
Increases for tax positions of prior years	5,469	324
Decreases for tax positions of prior years	(4,327)	(3,621)
Increases for tax positions established for the current period	19	1,209
Decreases for settlements with taxing authorities	(299)	(823)
Reductions resulting from lapse of applicable statute of limitation	(1,602)	(174)
Adjustment resulting from foreign currency translation	121	(351)
Balance of unrecognized tax benefits at end of year	$ 10,916	$ 11,535

The activity in the unrecognized tax benefits for the three-month period from adoption of FIN 48 (codified as ASC 740) through December 31, 2007 was immaterial and, therefore, is not presented in the above table.

The Company files income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and many foreign jurisdictions. The U.S., United Kingdom and Canada are the main taxing jurisdictions in which the Company operates. The years open for audit vary depending on the tax jurisdiction. In the U.S., the Company's tax returns for years following fiscal year 2004 are open for audit. In the United Kingdom, the Company's tax returns for the years following 2003 are open for audit, while in Canada, the Company's tax returns for years following 2001 are open for audit.

The Internal Revenue Service has concluded the fieldwork portion of their audit of the Company's fiscal year 2005 and 2006 income tax returns. The Company does not expect any adjustments from this audit that would have a material effect on the Company's financial statements. The Company's Canadian income tax returns covering fiscal years 2002 through 2005 are under audit by the Canada Revenue Agency. Other foreign subsidiaries could face challenges from various foreign tax authorities. It is not certain that the local authorities will accept the Company's tax positions. The Company believes its tax positions comply with applicable tax law and intends to vigorously defend its positions. However, differing positions on certain issues could be upheld by tax authorities, which could adversely affect the Company's financial condition and results of operations.

The Company believes it is reasonably possible that the total amount of unrecognized tax benefits will decrease within the next 12 months by approximately $6.7 million due to the expiration of statutes of limitations and the settlement of various audits. The Company accrues interest related to uncertain tax positions in interest expense or interest income and recognizes penalties related to uncertain tax positions in other income or other expense. As of December 31, 2009 and December 31, 2008, $2.0 million and $1.5 million, respectively is accrued for the payment of interest and penalties related to income tax liabilities. The aggregate amount of interest and penalties recorded in the Statement of Operations in 2009 and 2008 is $0.3 million and $0.4 million, respectively.

The undistributed earnings of the Company's foreign subsidiaries of approximately $41.1 million are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes or foreign withholding taxes has been provided for such undistributed earnings.

16. Assets of Businesses Transferred Under Contractual Arrangements

On September 29, 2006, the Company entered into an agreement whereby certain assets and liabilities related to the Company's MessagingDirect business and WorkPoint product line were legally conveyed to an unrelated party for a total selling price of $3.0 million. Net assets with a book value of $0.1 million were legally transferred under the agreement.

An initial payment of $0.5 million was due at signing and was paid in October of 2006. The remaining $2.5 million was to be paid in installments through 2010. Additionally, the Company remains a reseller of these products for royalty fee of 50% of revenues generated from sales.

Based on the continuing relationship and involvement subsequent to the closing date, uncertainty regarding collectability of the note receivable, as well as the level of financing provided by the Company, the above transaction was not accounted for as a divestiture for accounting purposes. The accounting treatment for this type of transaction is outlined in SEC Staff Accounting Bulletin Topic 5E. Under this accounting treatment, the assets and liabilities to be divested are classified in other current assets and accrued other liabilities within the Company's consolidated balance sheet. Under that guidance, the Company expected to recognize a gain of $2.5 million in future periods as payments were received. These future payments are to be recognized as gains in the period in which they are recovered, once the net assets have been written down to zero. In October 2006 and October 2007, the Company collected $0.5 million of cash pursuant to the contractual arrangements and recognized a pretax gain of $0.4 million in each period. The remaining $0.1 million was recorded as interest income. During the year ended December 31, 2008, the Company offset $0.3 million in invoices payable to the unrelated party against payments due and recognized a pretax gain of $0.2 million. The remaining $0.1 million was recorded as interest income.

During the year ended December 31, 2009, the Company sold its right to further payments on the note receivable to a third-party for $1.0 million, which was recorded as a pretax gain.

17. Commitments and Contingencies

In accordance with ASC 460, *Guarantees* (previous GAAP reference was *FASB Interpretation ("FIN") No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*), the Company recognizes the fair value for guarantee and indemnification arrangements it issues or modifies, if these arrangements are within the scope of the interpretation. In addition, the Company must continue to monitor the conditions that are subject to the guarantees and indemnifications as required under the previously existing generally accepted accounting principles, in order to identify if a loss has occurred. If the Company determines it is probable that a loss has occurred, then any such estimable loss would be recognized under those guarantees and indemnifications. Under its customer agreements, the Company may agree to indemnify, defend and hold harmless its customers from and against certain losses, damages and costs arising from claims alleging that the use of its software infringes the intellectual property of a third party. Historically, the Company has not been required to pay material amounts in connection with claims asserted under these provisions and accordingly, the Company has not recorded a liability relating to such provisions.

Under its customer agreements, the Company also may represent and warrant to customers that its software will operate substantially in conformance with its documentation and that the services the Company performs will be performed in a workmanlike manner, by personnel reasonably qualified by experience and expertise to perform their assigned tasks. Historically, only minimal costs have been incurred relating to the satisfaction of warranty claims. In addition, from time to time, the Company may guarantee the performance of a contract on behalf of one or more of its subsidiaries, or a subsidiary may guarantee the performance of a contract on behalf of another subsidiary.

Other guarantees include promises to indemnify, defend and hold harmless the Company's executive officers, directors and certain other key officers. The Company's certificate of incorporation provides that it will indemnify, and advance expenses to, its directors and officers to the maximum extent permitted by Delaware law. The indemnification covers any expenses and liabilities reasonably incurred by a person, by reason of the fact that such person is or was or has agreed to be a director or officer, in connection with the investigation, defense and settlement of any threatened, pending or completed action, suit, proceeding or claim. The Company's certificate of incorporation authorizes the use of indemnification agreements and the Company enters into such agreements with its directors and certain officers from time to time. These indemnification agreements typically provide for a broader scope of the Company's obligation to indemnify the directors and officers than set forth in the certificate of incorporation. The Company's contractual indemnification obligations under these agreements are in addition to the respective directors' and officers' rights under the certificate of incorporation or under Delaware law.

Operating Leases

The Company leases office space and equipment under operating leases that run through February 2028. The leases that the Company has entered into do not impose restrictions as to the Company's ability to pay dividends or borrow funds, or otherwise restrict the Company's ability to conduct business. On a limited basis, certain of the lease arrangements include escalation clauses which provide for rent adjustments due to inflation changes with the expense recognized on a straight-line basis over the term of the lease. Lease payments subject to inflation adjustments do not represent a significant portion of the Company's future minimum lease payments. A number of the leases provide renewal options, but in all cases such renewal options are at the election of the Company. Certain of the lease agreements provide the Company with the option to purchase the leased equipment at its fair market value at the conclusion of the lease term.

Total operating lease expense for the years ended December 31, 2009 and 2008, three month period ended December 31, 2007, and year ended September 30, 2007 was $17.2 million, $18.7 million, $5.2 million, and $15.4 million, respectively.

Capital Leases

The Company leases certain property under capital lease agreements that expire during various years through 2013. The long term portion of capital leases is included in long term liabilities. Amortization expense of assets under capital lease is included in depreciation expense.

Aggregate minimum lease payments under these agreements in future fiscal years are as follows (in thousands):

Fiscal Year Ending December 31,	Capital Leases	Operating Leases	Total
2010	$ 765	$ 9,422	$ 10,187
2011	765	7,264	8,029
2012	638	5,824	6,462
2013	284	5,134	5,418
2014	—	4,360	4,360
Thereafter	—	30,450	30,450
Total minimum lease payments	$ 2,452	$ 62,454	$ 64,906
Amount representing interest	(315)		
Present value of minimum lease payments	$ 2,137		

Legal Proceedings

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. Other than as described below, the Company is not currently a party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, the Company believes would be likely to have a material adverse effect on the Company's financial condition or results of operations.

Class Action Litigation. In November 2002, two class action complaints were filed in the U.S. District Court for the District of Nebraska (the "Court") against the Company and certain former officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Pursuant to a Court order, the two complaints were consolidated as Desert Orchid Partners v. Transaction Systems Architects, Inc., et al., with Genesee County Employees' Retirement System designated as lead plaintiff. The complaints, as amended, sought unspecified damages, interest, fees, and costs and alleged that (i) during the purported class period, the Company and the former officers misrepresented the Company's historical financial condition, results of operations and its future prospects, and failed to disclose facts that could have indicated an impending decline in the Company's revenues, and (ii) prior to August 2002, the purported truth regarding the Company's financial condition had not been disclosed to the market while simultaneously alleging that the purported truth about the Company's financial condition was being disclosed throughout that time, commencing in April 1999. The Company and the individual defendants filed a motion to dismiss and the lead plaintiff opposed the motion. Prior to any ruling on the motion to dismiss, on November 7, 2006, the parties entered into a Stipulation of Settlement for purposes of settling all of the claims in the Class Action Litigation, with no admissions of wrongdoing by the Company or any individual defendant. The settlement provides for an aggregate cash payment of $24.5 million of which, net of insurance, the Company contributed approximately $8.5 million. The settlement was approved by the Court on March 2, 2007 and the Court ordered the case dismissed with prejudice against the Company and the individual defendants.

On March 27, 2007, James J. Hayes, a class member, filed a notice of appeal with the United States Court of Appeals for the Eighth Circuit appealing the Court's order. On August 13, 2008, the Court of Appeals affirmed the judgment of the district court dismissing the case. Thereafter, Mr. Hayes petitioned the Court of Appeals for a rehearing en banc, which petition was denied on September 22, 2008. Mr. Hayes filed a petition with the U.S. Supreme Court seeking a writ of certiorari which was docketed on February 20, 2009. On April 27, 2009, the Company was informed that Mr. Hayes' petition was denied.

18. International Business Machines Corporation Alliance

On December 16, 2007, the Company entered into an Alliance Agreement ("Alliance") with IBM relating to joint marketing and optimization of the Company's electronic payments application software and IBM's middleware and hardware platforms, tools and services. On March 17, 2008, the Company and IBM entered into Amendment No. 1 to the Alliance ("Amendment No. 1" and included hereafter in all references to the "Alliance"), which changed the timing of certain payments to be made by IBM. Under the terms of the Alliance, each party will retain ownership of its respective intellectual property and will independently determine product offering pricing to customers. In connection with the formation of the Alliance, the Company granted warrants to IBM to purchase up to 1,427,035 shares of the Company's common stock at a price of $27.50 per share and up to 1,427,035 shares of the Company's common stock at a price of $33.00 per share. The warrants are exercisable for five years. At the date of issuance, the Company utilized a valuation model prepared by a third-party to assist management in estimating the fair value of the common stock warrants.

Under the terms of the Alliance, on December 16, 2007, IBM paid the Company an initial non-refundable payment of $33.3 million in consideration for the estimated fair value of the warrants described above. The fair value of the warrants granted, as subsequently determined by an independent third party appraiser, is approximately $24.0 million and is recorded as common stock warrants in the accompanying consolidated balance sheet as of December 31, 2009 and 2008. The remaining balance of $9.3 million is related to prepaid incentives and other obligations and was recorded in the Alliance agreement liability at December 31, 2007.

During the year ended December 31, 2008, the Company received an additional payment from IBM of $37.3 million per Amendment No. 1. This payment has been recorded in the Alliance agreement liability in the accompanying consolidated balance sheets as of December 31, 2009 and 2008. This amount represents a prepayment of funding for technical enablement milestones and incentive payments to be earned under the Alliance and related agreements and, accordingly, a portion of this payment is subject to refund by the Company to IBM under certain circumstances. As of December 31, 2009 and 2008, $20.7 million is refundable subject to achievement of future milestones. No additional payments were received in 2009 relating to Amendment No. 1 of this agreement.

The future costs incurred by the Company related to internally developed software associated with the technical enablement milestones will be capitalized in accordance with ASC 985-20, Software — Cost of Software to be Sold, Leased, or Marketed (previous GAAP reference was *SFAS No. 86, Accounting for Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*), when the resulting product reaches technological feasibility. Prior to reaching technological feasibility, the costs will be expensed as incurred. The Company will receive partial reimbursement from IBM for expenditures incurred if certain technical enablement milestones and delivery dates specified in the Alliance are met. Reimbursements from IBM for expenditures determined to be direct and incremental to satisfying the technical enablement milestones will be used to offset the amounts expensed or capitalized as described above but not in excess of non-refundable cash received or receivable. During the year ended December 31, 2009, the Company incurred $11.0 million of costs related to fulfillment of the technical enablement milestones. The reimbursement of these costs was recorded as a reduction of the Alliance agreement liability and a reduction in capitalizable costs under ASC 985-20 (SFAS 86) in the accompanying consolidated balance sheet as of December 31, 2009, and a reduction of operating expenses in the accompanying consolidated statement of operations for the year ended December 31, 2009.

Changes in the Alliance agreement liability were as follows (in thousands):

	Alliance Agreement Liability
Balance, December 31, 2007	$ 9,331
IBM payment	37,333
Technical enablement milestone payments	5,100
Costs related to fulfillment of technical enablement milestones	(8,242)
Balance, December 31, 2008	43,522
Costs related to fulfillment of technical enablement milestones	(11,035)
Balance, December 31, 2009	$ 32,487

Of the $32.5 million Alliance agreement liability, $10.5 million is short-term and $22.0 million is long-term in the accompanying consolidated balance sheet as of December 31, 2009.

Of the $43.5 million Alliance agreement liability, $6.2 million is short-term and $37.3 million is long-term in the accompanying consolidated balance sheet as of December 31, 2008.

IBM will pay the Company additional amounts upon meeting certain prescribed technical enablement obligations and incentives payable upon IBM recognizing revenue from end-user customers as a result of the Alliance. The revenue related to the incentive payments will be deferred until the Company has reached substantial completion of the technical enablement milestones. Subsequent to reaching substantial completion, revenue will be recognized as sales incentives are earned.

The stated initial term of the Alliance is five years, subject to extension for successive two year terms if not previously terminated by either party and subject to earlier termination for cause.

19. International Business Machines Corporation Information Technology Outsourcing Agreement

On March 17, 2008, the Company entered into a Master Services Agreement (“Outsourcing Agreement”) with IBM to outsource the Company’s internal information technology (“IT”) environment to IBM. Under the terms of the Outsourcing Agreement, IBM provides the Company with global IT infrastructure services including the following services, which services were provided by the Company: cross functional delivery management services, asset management services, help desk services, end user services, server system management services, storage management services, data network services, enterprise security management services and disaster recovery/business continuity plans (collectively, the “IT Services”). The Company retains responsibility for its security policy management and on-demand business operations.

The initial term of the Outsourcing Agreement is seven years, commencing on March 17, 2008. The Company has the right to extend the Outsourcing Agreement for one additional one-year term unless otherwise terminated in accordance with the terms of the Outsourcing Agreement. Under the Outsourcing Agreement, the Company retains the right to terminate the agreement both for cause and for its convenience. However, upon any termination of the Outsourcing Agreement by the Company for any reason (other than for material breach by IBM), the Company will be required to pay a termination charge to IBM, which charge may be material.

The Company pays IBM for the IT Services through a combination of fixed and variable charges, with the variable charges fluctuating based on the Company’s actual need for such services as well as the applicable service levels and statements of work. Based on the currently projected usage of these IT Services, the Company expects to pay $116 million to IBM in service fees and project costs over the initial seven-year term.

In addition, IBM is providing the Company with certain transition services required to transition the Company’s IT operations embodied in the IT Services in accordance with a mutually agreed upon transition plan (the "Transition Services"). The Company currently expects the Transition Services to be completed approximately 18 months after the effective date of the Outsourcing Agreement and to pay IBM approximately $8 million for the Transition Services over a period of five years. These Transition Services will be recognized as incurred based on the capital or expense nature of the cost. The Company has expensed approximately $0.1 million and $6.6 million for Transition Services during the years ended December 31, 2009 and 2008, respectively, that are included in general and administrative expenses in the accompanying consolidated statement of operations. Of the $6.7 million recognized since the agreement, approximately $2.3 million has been paid, approximately $3.0 million is included in other noncurrent liabilities and $1.4 million is included in other current liabilities in the accompanying consolidated balance sheet at December 31, 2009. The Company incurred an additional $0.9 million of staff augmentation costs related to the Transition Services during the year ended December 31, 2008, that are included in general and administrative expenses in the accompanying consolidated statement of operations. No staff augmentation costs were incurred in 2009. The Company incurred an additional $0.2 million and $0.1 million of datacenter moving costs related to the Transition Services during the years ended December 31, 2009 and 2008, respectively, that are included in general and administrative expenses in the accompanying consolidated statement of operations.

The Outsourcing Agreement has performance standards and minimum services levels that IBM must meet or exceed. If IBM fails to meet a given performance standard, the Company would, in certain circumstances, receive a credit against the charges otherwise due.

Additionally, the Company has the right to periodically perform benchmark studies to determine whether IBM's price and performance are consistent with the then current market. The Company has the right to conduct such benchmark studies, at its cost, beginning in the second year of the Outsourcing Agreement.

As a result of the Outsourcing Agreement, 16 employees of the Company became employees of IBM and an additional 62 positions were eliminated by the Company. During the year ended December 31, 2008 $1.8 million of termination costs were recognized in general and administrative expense in the accompanying consolidated statements of operations. The charges by segment were as follows: $1.5 million in the Americas segment, $0.1 million in the EMEA segment, and $0.2 million in the Asia Pacific segment. No additional termination costs were incurred in 2009 related to the IBM outsourcing agreement.

	Termination Benefits
Balance, December 31, 2007	$ —
Additional restructuring charges incurred	1,836
Amounts paid during the period	(1,192)
Other(1)	(179)
Balance, December 31, 2008	465
Amounts paid during the period	(389)
Other(1)	1
Balance, December 31, 2009	$ 77

(1) Includes the impact of foreign currency translation.

As of December 31, 2009, $0.1 million is accrued in accrued employee compensation for these termination costs in the accompanying consolidated balance sheet. The Company anticipates that these amounts will be paid by the end of fiscal 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

20. Quarterly Financial Data

	Quarter Ended			
	December 31, 2009 (Unaudited)	September 30, 2009 (Unaudited)	June 30, 2009 (Unaudited)	March 31, 2009 (Unaudited)
Revenues:				
Software license fees	$ 57,461	$ 40,714	$ 27,116	$ 31,178
Maintenance fees	37,089	34,862	33,346	31,440
Services	31,361	28,885	26,708	25,595
Total revenues	125,911	104,461	87,170	88,213
Expenses:				
Cost of software license fees(1)	3,818	3,936	3,833	3,167
Cost of maintenance and services(1)	29,757	27,959	27,955	27,222
Research and development	18,530	20,071	19,932	18,973
Selling and marketing	16,269	14,911	15,511	15,108
General and administrative	17,811	21,064	18,865	21,504
Depreciation and amortization	4,756	4,577	4,310	4,346
Total expenses	90,941	92,518	90,406	90,320
Operating income (loss)	34,970	11,943	(3,236)	(2,107)
Other income (expense):				
Interest income	178	117	446	301
Interest expense	(1,073)	(488)	(526)	(769)
Other, net	(1,929)	16	(3,615)	(1,120)
Total other income (expense)	(2,824)	(355)	(3,695)	(1,588)
Income (loss) before income taxes	32,146	11,588	(6,931)	(3,695)
Income tax expense	12,585	3,829	(3,369)	437
Net income (loss)	$ 19,561	$ 7,759	$ (3,562)	$ (4,132)
Earnings (loss) per share				
Basic(2)	$ 0.58	$ 0.23	$ (0.10)	$ (0.12)
Diluted(2)	$ 0.57	$ 0.23	$ (0.10)	$ (0.12)

(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 and services excludes charges for depreciation.

(2) The sum of the earnings per share by quarter does not agree to the earnings per share for the year ended December 31, 2009 due to rounding.

ACI WORLDWIDE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quarter Ended			
	December 31, 2008 (Unaudited)	September 30, 2008 (Unaudited)	June 30, 2008 (Unaudited)	March 31, 2008 (Unaudited)
Revenues:				
Software license fees	$ 46,797	$ 46,460	$ 38,214	$ 37,739
Maintenance fees	31,748	33,963	32,867	31,437
Services	30,666	28,137	38,138	21,487
Total revenues	109,211	108,560	109,219	90,663
Expenses:				
Cost of software license fees	3,414	3,588	3,248	2,596
Cost of maintenance and services	24,450	31,320	33,698	27,619
Research and development	14,997	19,170	21,106	20,577
Selling and marketing	15,907	18,450	22,215	16,664
General and administrative	26,691	28,889	23,481	21,211
Depreciation and amortization	4,180	4,185	4,212	4,072
Total expenses	89,639	105,602	107,960	92,739
Operating income (loss)	19,572	2,958	1,259	(2,076)
Other income (expense):				
Interest income	678	635	703	593
Interest expense	(1,460)	(1,149)	(1,038)	(1,366)
Other, net	5,172	932	2,333	(190)
Total other income (expense)	4,390	418	1,998	(963)
Income (loss) before income taxes	23,962	3,376	3,257	(3,039)
Income tax expense (benefit)	11,024	1,659	2,429	1,862
Net income (loss)	$ 12,938	$ 1,717	$ 828	$ (4,901)
Earnings (loss) per share				
Basic	$ 0.38	$ 0.05	$ 0.02	$ (0.14)
Diluted	$ 0.37	$ 0.05	$ 0.02	$ (0.14)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACI WORLDWIDE, INC.
(Registrant)

By: /s/ PHILIP G. HEASLEY
Philip G. Heasley
President and Chief Executive Officer

Date: February 26, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ PHILIP G. HEASLEY Philip G. Heasley	President, Chief Executive Officer and Director *(principal executive officer)*	February 26, 2010
/s/ SCOTT W. BEHRENS Scott W. Behrens	Senior Vice President, Chief Financial Officer, Controller and Chief Accounting Officer *(principal financial officer)*	February 26, 2010
/s/ HARLAN F. SEYMOUR Harlan F. Seymour	Chairman of the Board and Director	February 26, 2010
/s/ ALFRED R. BERKELEY Alfred R. Berkeley	Director	February 26, 2010
/s/ JAN H. SUWINSKI Jan H. Suwinski	Director	February 26, 2010
/s/ JOHN D. CURTIS John D. Curtis	Director	February 26, 2010
/s/ JOHN M. SHAY JR. John M. Shay Jr.	Director	February 26, 2010
/s/ JAMES C. MCGRODDY James C. McGroddy	Director	February 26, 2010
/s/ JOHN E. STOKELY John E. Stokely	Director	February 26, 2010

Exhibit 10.9

SEVERANCE COMPENSATION AGREEMENT
(CHANGE IN CONTROL)

SEVERANCE COMPENSATION AGREEMENT dated as of _____, 20_____ between ACI Worldwide, Inc., formerly known as Transaction Systems Architects, Inc., a Delaware corporation (the "Company"), and _____ (the "Executive").

WHEREAS, the Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of the Executive to his assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company.

NOW, THEREFORE, this Agreement sets forth the severance compensation which the Company agrees it will pay to the Executive if the Executive's employment with the Company terminates under certain circumstances described herein following a Change in Control (as defined herein) and the other benefits the Company will provide the Executive following a Change in Control.

1. TERM.

This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earlier of (i) the termination of Executive's employment for any reason prior to a Change in Control; and (ii) three years after the date of a Change in Control.

2. CHANGE IN CONTROL.

For purposes of this Agreement, Change in Control shall mean:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided*, *however*, that, for purposes of this Section 2(a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any company controlled by, controlling or under common control with the Company ("Affiliated Company"), (iv) any acquisition by any Person pursuant to a transaction that complies with Sections 2(c)(A) and 2(c)(B); or (v) any acquisition of beneficial ownership of not more than 25% of the Outstanding

Company Voting Securities by any Person that is entitled to and does report such beneficial ownership on Schedule 13G under the Exchange Act (a "13G Filer"), *provided*, *however*, that this clause (v) shall cease to apply when a Person who is a Schedule 13G Filer becomes required to file a Schedule 13D under the Exchange Act with respect to beneficial ownership of 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities. Notwithstanding any other provision hereof, if a Business Combination (as defined below) is completed during the two year period following the occurrence of a Change in Control and the Outstanding Company Voting Securities are converted into voting securities of the Combined Company (as defined below), but such Business Combination does not constitute a "Change in Control" under Section 2(c), "Outstanding Company Voting Securities" shall thereafter mean voting securities of the Combined Company entitled to vote generally in the election of the members of the Combined Company Board.; or

(b) Any time at which individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board other than as a result of a Business Combination that does not constitute a "Change in Control" under Section 2(c)(A); *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (an "Election Contest"); or

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination (the "Combined Company"))) beneficially owns, directly or indirectly, such number of the then-Outstanding Company Voting Securities as would constitute a "Change in Control" under Section 2(a), and at least one-half of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (the "Combined Company Board") were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination (the "Business Combination Agreement"), or (B) the Executive and the Company, each acting in his, her or its respective sole discretion, enter into an amendment to this Agreement providing for the Executive's continued employment for not less than two years at levels of compensation and benefits that in the aggregate are not substantially less favorable to the Executive than those to which he or she was entitled prior to such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL.

(a) The Executive shall be entitled to the compensation provided in Section 4 of this Agreement if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive’s employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive’s termination of employment is not a result of (A) the Executive’s death; (B) the Executive’s Disability (as defined in section 3(b) below); (C) the Executive’s Retirement (as defined in section 3(c) below); (D) the Executive’s termination by the Company for Cause (as defined in Section 3(d) below); or (E) the Executive’s decision to terminate employment other than for Good Reason (as defined in Section 3(e) below).

(b) If, as a result of the Executive’s incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform his duties with the Company on a full-time basis for six months and within 30 days after a Notice of Termination (as defined in Section 3(f) below) is thereafter given by the Company, the Executive shall not have returned to the full-time performance of the Executive’s duties, the Company may terminate the Executive’s employment for “Disability”. If there is a Change in Control of the Company while the Executive is still an employee and if the Executive’s employment with the Company is terminated for Disability within two years after the Change in Control, the Executive shall be entitled to receive in a lump sum cash payment within five days after his Date of Termination (as defined in section 3(g) below) the following:

(i) one times the Base Amount (as defined in Section 4(b)(i)) determined with respect to the Base Period (as defined in Section 4(b)(ii)); plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company’s most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company’s most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points.

(c) For purposes of this Agreement only, "Retirement" shall mean termination by the Company or the Executive of the Executive's employment based on the Executive's having reached age 65 or such other age as shall have been fixed in any arrangement established pursuant to this Agreement with the Executive's consent with respect to the Executive.

(d) For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's conviction of a felony involving moral turpitude; (ii) the Executive's serious, willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subsections (e) and (f) below), which, in either case, has resulted, or in all probability is likely to result, in material economic damage to the Company; provided no act or failure to act by the Executive will constitute Cause under this clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company; or (iii) the Executive's violation of any provision of (A) the Company's Code of Business Conduct and Ethics, as the same may be amended from time to time, or (B) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, as the same may be amended from time to time (the "Code of Ethics"). For purposes of clause (iii) of this subsection (d), the Executive shall be deemed to be subject to the provisions of the Code of Ethics regardless of whether the Executive is a Senior Officer as defined in the Code of Ethics or otherwise subject to the Code of Ethics.

For purposes of this Agreement only, any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the non-employee members of the Board of Directors of the Company (the "Board") within 12 months of a majority of such non-employee members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clause (ii) of the second sentence of this subsection (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate him for cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the non-employee members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), he has corrected the particular act or failure to act specified in the notice and by so correcting such act or failure to act he has reduced the economic damage his act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the non-employee members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Company for Cause based upon the conviction of the Executive for a felony involving moral turpitude such conviction is finally overturned on appeal, the Executive shall be entitled to the compensation provided in Sections 4(a) and 4(c). In lieu of the interest provided in clause (iv) of the first sentence of Section 4(a) and the interest provided in the second sentence of Section 4(c), however, the compensation provided in Sections 4(a) and 4(c) shall be increased by a ten percent rate of interest, compounded annually, calculated from the date such compensation would have been paid if the Executive's employment had been terminated without Cause.

(e) For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in his annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the greater of (A) the average percentage increase in the annual rate of base salary for all officers of the Company effected in the preceding 12 months; or (B) the Consumer Price Index as published by the United States Government (or, in the event such index is discontinued, any similar index published by the United States Government as designated in good faith by the Executive); provided, however, that nothing contained in this clause (ii) shall he construed under any circumstances as permitting the Company to decrease the Executive's annual rate of base salary;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the life insurance, medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing the Executive with benefits that are no less favorable (hereinafter referred to as "Benefit Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company, unless in the case of either sub-clause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Benefit Plan being altered, reduced, affected or ended;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's bonus arrangements, the Transaction Systems Architects, Inc., Deferred Compensation Plan, the Transaction Systems Architects, Inc. 401(k) Plan, the sales incentive plans, and the management incentive plans) in which the Executive is participating at the time of a Change in Control of the Company, or any other plans or arrangements providing him with substantially similar benefits, (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either sub-clause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program equal to or greater than the greater of (1) the award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan or program with respect to the immediately preceding fiscal year or (2) the average annual award (whether paid or payable in cash or in securities of the Company) made to the Executive pursuant to such Incentive Plan or such substituted comparable plan with respect to the prior three fiscal years (or such lesser number of prior fiscal years that the Executive was employed by the Company or that the Incentive Plan (together with any substituted comparable plan) was maintained);

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan and the Transaction Systems Architects Inc. 1999 Stock Option Plan) in which the Executive is participating at the time of a Change in Control of the Company, or any other plan or arrangement providing him with substantially similar benefits, (hereinafter referred to as "Securities Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan, unless in the case of either sub-clause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent or superior, in terms of the benefit offered to the Executive, to the Securities Plan being altered, reduced, affected or ended, or (C) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans with respect to an aggregate number of securities of the Company of each kind that is equal to or greater than the greater of (1) the aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the immediately preceding fiscal year; or (2) the average annual aggregate number of securities of the Company of that kind covered by stock options, stock appreciation rights, or securities awards granted to the Executive pursuant to such Securities Plans in the prior three fiscal years; and provided further the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) the Executive's relocation more than 50 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company prior to such succession or assignment;

(x) any failure by the Company or its successor to enter into an agreement with the Executive that is substantially similar to this Agreement with respect to a Change in Control of the Company or its successor occurring thereafter; or

(xi) any purported termination of the Executive's employment by the Company pursuant to Section 3(b), 3(c) or 3(d) above which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(f) below (and, if applicable, Section 3(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subsection (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clause (ii), (iii), (iv), (v) or (vii) of this subsection that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates his employment for Good Reason hereunder, then notwithstanding that the Executive may also retire for purposes of the Benefit Plans, Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated his employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive by the Company pursuant to Section 3(b), 3(c) or 3(d) above, or by the Executive pursuant to Section 3(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) “Date of Termination” shall mean (i) if the Executive’s employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive’s duties on a full-time basis during such 30-day period), (ii) if the Executive’s employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive’s employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. SEVERANCE COMPENSATION UPON TERMINATION OF EMPLOYMENT.

(a) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Company shall pay to the Executive in a lump sum cash payment within five days after the Date of Termination the following:

(i) the Severance Amount as defined in Section 4(b) below; plus

(ii) his earned but unpaid base salary through his Date of Termination; plus

(iii) a quarterly incentive award for the current fiscal quarter prorated through the Date of Termination equal to the greater of (A) the quarterly incentive award (whether paid or payable in cash or in securities of the Company) awarded to the Executive with respect to the Company’s most recent fiscal quarter ending prior to the Date of Termination or (B) the average quarterly incentive award (whether paid or payable in cash or in securities of the Company) made to the Executive with respect to the Company’s most recent three fiscal years ending prior to the Date of Termination; plus

(iv) interest on the amounts payable pursuant to clauses (i), (ii) and (iii) above calculated from the Date of Termination until paid at a rate equal to the prime rate as published in The Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) “Severance Amount” shall mean an amount equal to one times the Base Amount (as defined below) determined with respect to the Base Period (as defined below); provided, however, in no event shall the Severance Amount be less than two times the Executive’s annual rate of base salary at the higher of the annual rate in effect (i) immediately prior to the Date of Termination or (ii) on the date six months prior to the Date of Termination. For purposes of this subsection (b):

(i) “Base Amount” means the Executive’s average fiscal-year Compensation (as defined below) for fiscal years of the Company in the Base Period. Such average shall be computed by dividing the total of the Executive’s Compensation for the Base Period by the number of fiscal years in the Base Period. If the Executive’s Base Period includes a portion of a fiscal year during which he was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below), the Executive’s Compensation for such fiscal year shall be annualized before determining the average fiscal-year Compensation for the Base Period. In annualizing Compensation, the frequency with which payments are expected to be made over a fiscal year shall be taken into account; thus, any amount of Compensation that represents a payment that will not be made more often than once per fiscal year is not annualized. Set forth on Appendix A, which is attached hereto and made a part hereof, are three examples illustrating the calculation of the Base Amount.

(ii) “Base Period” means the most recent two consecutive fiscal years of the Company ending prior to the Date of Termination. However, if the Executive was not an employee of the Company (or a predecessor entity or a related entity, as such terms are defined in clause (iii) below) at any time during one of such two fiscal years, the Executive’s Base Period is the one fiscal year of such two-fiscal-year period during which the Executive performed personal services for the Company or a predecessor entity or a related entity.

(iii) “Compensation” means the compensation which was payable by the Company, by a predecessor entity, or by a related entity and which was includible in the gross income of the Executive (or either was excludible from such gross income as “foreign earned income” within the meaning of Section 911 of the Internal Revenue Code of 1986, as amended (the “Code”), or would have been includible in such gross income if the Executive had been a United States citizen or resident), but excluding the following: (A) amounts realized from the exercise of a non-qualified stock option; and (B) amounts realized from the sale, exchange or other disposition of stock acquired under an incentive stock option described in Code Section 422 (b) or under an employee stock purchase plan described in code Section 423 (b). Notwithstanding the preceding sentence, Compensation shall be determined without regard to any compensation deferral election under any plan, program or arrangement, qualified or non-qualified, maintained or contributed to by the Company, a predecessor entity or a related entity, including but not limited to a cash-or-deferred arrangement described in Code Section 401(k), a cafeteria plan described in Code Section 125 or a non-qualified deferred compensation plan. A “predecessor entity” is any entity which, as a result of a merger, consolidation, purchase or acquisition of property or stock, corporate separation, or other similar business transaction transfers some or all of its employees to the Company or to a related entity or to a predecessor entity of the Company. The term “related entity” includes any entity treated as a single employer with the Company in accordance with subsections (b), (c), (m) and (o) of Code Section 414.

(c) If pursuant to Section 3(a) above the Executive is entitled to the compensation provided in this Section 4, then the Executive will be entitled to continued participation in all employee benefit plans or programs available to Company employees generally in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, he receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverage and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) one year from the Date of Termination (the "Benefit Continuation Period") but only to the extent that Executive makes a payment to the Company in an amount equal to the monthly premium payments (both the employee and employer portion) required to maintain such coverage on the first day of each calendar month commencing with the first calendar month following the Date of Termination and the Company shall reimburse Executive on an after-tax basis for the amount of such premiums, if any, in excess of any employee contributions necessary to maintain such coverage for the Benefit Continuation Period and such reimbursement shall comply with the Reimbursement Rules set forth below. The Executive shall be eligible for group health plan continuation coverage under and in accordance with COBRA, when he ceases to be eligible for continued participation in the Company's group health plan under this subsection (c).

(d) Without limiting the applicability of Section 4, if the Company terminates the Executive's employment without Cause or Disability and a notice of termination is given or such termination is effective within 15 months after the election of one or more individuals to the Board who were first nominated or recommended for election to the Board by any Person other than the Board or its Nominating and Governance Committee (or any Board committee performing similar functions (together with the Board, the "N&G Committee")) and such nomination was not recommended by the N&G Committee before such nomination or recommendation was first publicly announced by such Person or following the institution of an Election Contest proposing the election of one or more directors to the Board who, at the time such proposal is first publicly announced, were not recommended for election to the Board by the Board or the N&G Committee, then a Change in Control of the Company shall be deemed to have occurred on the date immediately preceding such termination and such termination shall be deemed to have occurred during the term of this Agreement for purposes of this Agreement. For the avoidance of doubt, this Section 4(d) will not apply if the Executive's employment is terminated by the Executive (whether or not Good Reason exists) or the Executive terminates employment for death or Disability.

(e) Notwithstanding any other provisions of the Existing Agreement or this Amendment to the contrary, including the provisions of Sections 4(a), 4(c) or 4(d), in the event that the Executive is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination) and if any portion of the payments or benefits to be received by the Executive under this Agreement upon his or her separation from service, including Sections 4(a), 4(c) or 4(d) would be considered deferred compensation under Section 409A, amounts that would otherwise be payable under Sections 4(a), 4(c) or 4(d) during the six-month period immediately following the Date of Termination shall instead be paid, with interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code, on the earlier of (i) the first business day after the date that is six months following the Executive's "separation from service" within the meaning of Section 409A and (ii) the Executive's death. Each payment and benefit to be made or provided to the Executive under the Existing Agreement and this Amendment shall be considered to be a separate payment and not one of a series of payments for purposes of Section 409A. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Existing Agreement or this Amendment providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A. Notwithstanding any other provision to the contrary in this Section 4, the welfare benefits provided pursuant to Section 4(c) that are not non-taxable medical benefits, "disability pay" or "death benefit plans" within the meaning of Treasury Regulation Section 1.409A-1(a)(5), and the reimbursement or in-kind benefits provided under the Existing Agreement and this Amendment, shall be treated as follows (the "Reimbursement Rules"): (i) the amount of such benefits provided during one taxable year shall not affect the amount of such benefits provided in any other taxable year, except that to the extent such benefits consist of the reimbursement of expenses referred to in Section 105(b) of the Code, a limitation may be imposed on the amount of such reimbursements over some or all of the Benefit Continuation Period, as described in Treasury Regulation Section 1.409A-3(i)(1)(iv)(B), (ii) to the extent that any such benefits consist of reimbursement of eligible expenses, such reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) no such benefit may be liquidated or exchanged for another benefit.

5. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreement or other contract, plan or agreement with or of the Company.

6. INCENTIVE AWARDS.

In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Incentive Plan, the Company agrees (i) to immediately and fully vest all unvested awards, units, and benefits (other than options to acquire securities of the Company or awards of securities of the Company) which have been awarded or allocated to the Executive under the Incentive Plans; and (ii) upon the exercise of such awards or units or the distribution of such benefits, to pay all amounts due under the Incentive Plans solely in cash provided, however, in the event that the Change in Control does not constitute a “change in control event” within the meaning of Section 409A, the delivery of shares of common stock or cash (as applicable) in settlement of any such stock-based awards that constitute “nonqualified deferred compensation” within the meaning of Section 409A shall be made on upon the first permissible payment event under Section 409A on which the shares or cash would otherwise be delivered or paid.

7. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) All determinations required to be made under this Section 7, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Accounting Firm which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. The determination of tax liability made by the Accounting Firm shall be subject to review by the Executive’s tax advisor, and, if the Executive’s tax advisor does not agree with the determination reached by the Accounting Firm, then the Accounting Firm and the Executive’s tax advisor shall jointly designate a nationally recognized public accounting firm which shall make the determination. All fees and expenses of the accountants and tax advisors retained by both the Executive and the Company shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 7, shall be paid by the Company within five days of the receipt of the Accounting Firm’s determination; provided that, the Gross-Up Payment shall in all events be paid no later than the end of the Executive’s taxable year next following the Executive’s taxable year in which the Excise Tax (and any income or other related taxes or interest or penalties thereon) on a Payment are remitted to the Internal Revenue Service or any other applicable taxing authority or, in the case of amounts relating to a claim that does not result in the remittance of any federal, state, local and foreign income, excise, social security and other taxes, the calendar year in which the claim is finally settled or otherwise resolved. The Gross-Up Payment shall be paid to the

Executive; provided that, the Company, in its sole discretion, may withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding and the Company's obligation to make Gross-Up Payments under this Section 7 shall not be conditioned upon the Executive's termination of employment. Any determination by such jointly designated public accounting firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination hereunder, it is possible that Gross-Up Payments will not have been made by the Company that should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive hereafter is required to make a payment of any Excise Tax, any such underpayment shall be promptly paid by the Company to or for the benefit of the Executive. Upon notice by the Executive of any audit or other proceeding that may result in a liability to the Company hereunder, the Executive shall promptly notify the Company of such audit or other proceeding; and the Company may, at its option, but solely with respect to the item or items that relate to such potential liability, choose to assume the defense of such audit or other proceeding at its own cost, provided that (i) the Executive shall cooperate with the Company in such defense and (ii) the Company will not settle such audit or other proceeding without the consent of the Executive (such consent not to be unreasonably withheld). The highest effective marginal tax rate (determined by taking into account any reduction in itemized deductions and/or exemptions attributable to the inclusion of the additional amounts payable under this Section 7 in the Executive's adjusted gross or taxable income) based upon the state and locality where the Executive is resident at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto.

8. INDEMNIFICATION.

(a) The Company agrees to indemnify the Executive to the fullest extent permitted by law if the Executive is a party or threatened to be made a party to any Proceeding (as defined below).

(b) If requested by the Executive, the Company shall advance (within two business days of such request) any and all Expenses, as defined below, relating to a Proceeding to the Executive (an "Expense Advance"), upon the receipt of a written undertaking by or on behalf of the Executive to repay such Expense Advance if a judgment or other final adjudication adverse to the Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that the Executive is not entitled to indemnification by the Company. Expenses shall include attorney's fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Proceeding.

(c) The Company agrees to obtain a directors' and officers' liability insurance policy covering the Executive and to continue and maintain such policy. The amount of coverage shall be reasonable in relation to the Executive's position and responsibilities during his employment by the Company.

(d) This Section 8 is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Company and shall not be deemed a substitute therefor, or diminish or abrogate any rights of the Executive thereunder.

(e) For purposes of Section 8(a), the meaning of the phrase “to the fullest extent permitted by law” shall include but not be limited to:

(i) to the fullest extent permitted by the provision of the Delaware General Corporation Law (“DGCL”) that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(f) For purposes of Sections 8(a) and 8(b), “Proceeding” shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which the Executive was, is or will be involved as a party or otherwise by reason of the fact that the Executive is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

9. SUCCESSORS.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive’s employment for Good Reason and receive the compensation provided for in Section 4 hereof. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall he paid in accordance with the terms of this Agreement to the Executive’s devisee, legatee or other designee or, if there be no such designee, to the Executive’s estate.

10. NOTICE.

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Company:

ACI Worldwide, Inc.
6060 Coventry Drive
Elkhorn, NE 68022
Attn: President

If to the Executive:

____

____

____

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. MISCELLANEOUS.

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, without giving effect to any principles of conflicts of law.

12. CONFLICT IN BENEFITS.

Except as otherwise provided in the preceding sentences, this Agreement is not intended to and shall not limit or terminate any other agreement or arrangement between the Executive and the Company presently in effect or hereafter entered into.

13. VALIDITY.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. SURVIVORSHIP.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Sections 7, 8 and 15 shall expressly survive the termination of this Agreement.

15. LEGAL FEES AND EXPENSES.

If a claim or dispute arises concerning the rights of the Executive under this Agreement, regardless of the party by whom such claim or dispute is initiated, the Company shall, upon presentation of appropriate vouchers, pay all legal expenses, including reasonable attorneys' fees, court costs and ordinary and necessary out-of-pocket costs of attorneys, billed to and payable by the Executive or by anyone claiming under or through the Executive, in connection with the bringing, prosecuting, arbitrating, defending, litigating, negotiating, or settling such claim or dispute. In no event shall the Executive be required to reimburse the Company for any of the costs of expenses incurred by the Company relating to arbitration or litigation. Pending the outcome or resolution of any claim or dispute, the Company shall continue payment of all amounts due the Executive without regard to any dispute. Payments contemplated by this Section 15 will be made within five business days (but in any event no later than the last day of the Executive's tax year following the Executive's tax year in which the Executive incurs the expense) after delivery of the Executive's written requests for payment, accompanied by such evidence of fees and expenses incurred as the Company may reasonably require. The reimbursement contemplated by this Section 15 shall comply with the Reimbursement Rules.

16. EFFECTIVE DATE.

This Agreement shall become effective upon execution.

17. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. NO GUARANTEE OF EMPLOYMENT.

Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive the right to be retained in employment with the Company, nor shall it interfere with either the Company's right to terminate the employment of the Executive at any time or the Executive's right to terminate his employment at any time.

19. NO ASSIGNMENT BY EXECUTIVE.

Except as otherwise provided in Section 9(b), the Executive's rights and interests under this Agreement shall not be assignable (in law or in equity) or subject to any manner of alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

20. WAIVER.

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement shall not he deemed a waiver of such provision or any other provision of this Agreement. Any waiver of any provision of this Agreement shall not be deemed to be a waiver of any other provision, and any waiver of default in any provision of this Agreement shall not be deemed to be a waiver of any later default thereof or of any other provision.

21. WITHHOLDING OF TAXES; COMPLIANCE WITH SECTION 409A.

(a) The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

(b) To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A. This Agreement will be administered in a manner consistent with this intent. To the extent that there is a material risk that any payments under this Agreement may result in the imposition of an additional tax to the Executive under Section 409A, the Company will reasonably cooperate with the Executive to amend this Agreement such that payments hereunder comply with Section 409A without materially changing the economic value of this Agreement to either party

22. HEADINGS.

The headings of this Agreement have been inserted for convenience of reference only and are to be ignored in the construction of the provisions hereof.

23. NUMBERS AND GENDER.

The use of the singular shall be interpreted to include the plural and the plural the singular, as the context requires. The use of the masculine, feminine or neuter shall be interpreted to include the masculine, feminine or neuter as the context shall require.

24. Executive acknowledges and agrees that no change in control, as defined under this Amendment or the Existing Agreement, has occurred prior to the Contract Date.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ACI WORLDWIDE, INC.

By: ______________________________

Title: ______________________________

EXECUTIVE:

____

APPENDIX A

EXAMPLE 1 — Executive was employed by the Company for 1-1/3 fiscal years preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was $30,000 for the 4-month period and $120,000 for the full fiscal year. The Executive's Base Amount is $105,000.

Year 1: 3 x $30,000 = $90,000
Year 2: $120,000
[90,000 + 120,000] DIVIDED BY 2 = $105,000

$105,000 is the average fiscal-year Compensation for the Base Period.

EXAMPLE 2 — Assume the same facts as in Example 1, except that the Executive also received a $70,000 sign-on bonus when his employment with the Company commenced at the beginning of the 4-month period. The Executive'$ Base Amount is $140,000

Year 1: [3 X $30,000] + $70,000 = $160,000
Year 2: $120,000
[160,000 + 120,0001 DIVIDED BY 2 = $140,000

Since the sign-on bonus will not be paid more often than once per fiscal year, the amount of the bonus is not increased in annualizing the Executive's Compensation for the 4-month period.

EXAMPLE 3 — Executive was employed by the Company for the last 4 months of the fiscal year preceding the fiscal year in which a Change in Control of the Company occurs. The Executive's Compensation from the Company was $30,000 for the 4-month period. The Executive's Base Amount is $90,000.

Year 1: 3 x $30,000 = $90,000
$90,000 DIVIDED BY 1 = $90,000

$90,000 is the average fiscal-year Compensation for the Base Period.

Exhibit 10.10

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made as of the date set forth on the signature page of this Agreement by and between ACI Worldwide, Inc. (formerly known as Transaction Systems Architects, Inc.), a Delaware corporation (the "Company"), and the person whose name appears on the signature page of this Agreement ("Indemnitee"). The Company and Indemnitee are referred to collectively in this Agreement as the "Parties."

Preliminary Statements

A. The Company and Indemnitee recognize the significant increases in the cost of liability insurance for directors, officers, employees, agents and fiduciaries.

B. The Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited.

C. Indemnitee does not regard the current protection available as adequate under the present circumstances, and Indemnitee and other directors, officers, employees, agents and fiduciaries of the Company may not be willing to continue to serve in such capacities without additional protection.

D. The Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and, in part, in order to induce Indemnitee to continue to provide services to the Company, wishes to provide for the indemnification and advancing of expenses to Indemnitee to the maximum extent permitted by law.

E. In view of the considerations set forth above, the Company desires that Indemnitee be indemnified by the Company as set forth in this Agreement.

Agreement

The Parties, intending to be legally bound, agree as follows:

1. Definitions and Construction of Certain Phrases.

1.1 Definitions.

"Agreement" has the meaning provided in the introductory paragraph to this Agreement.

"Bylaws" means the Amended and Restated Bylaws of the Company, as amended.

"Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of the Company, as amended.

“Claim” has the meaning provided in Section 2.1.

“Company” has the meaning provided in the introductory paragraph to this Agreement.

“Disinterested Director” means a member of the Board of Directors of the Company who is not and was not a party to the particular Claim for which Indemnitee is seeking indemnification.

“Expense Advance” has the meaning provided in Section 2.2.

“Expenses” has the meaning provided in Section 2.1

“Indemnifiable Event” has the meaning provided in Section 2.1.

“Indemnitee” has the meaning provided in the introductory paragraph to this Agreement.

“Independent Legal Counsel” means an attorney or firm of attorneys, selected in accordance with the provisions of Section 2.2 or Section 2.3, who shall not have otherwise performed services for the Company or Indemnitee within the last three years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

“Parties” has the meaning provided in the introductory paragraph to this Agreement.

“Voting Securities” means any securities of the Company that vote generally in the election of directors.

1.2 Construction of Certain Phrases. For the purposes of this Agreement, the following terms and phrases have the meaning and construction set forth as follows:

“Company”, as defined in Section 1.1, shall also include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents or fiduciaries, so that if Indemnitee is or was a director, officer, employee, agent or fiduciary of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

"Change in Control" shall be deemed to have occurred if (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 20% of the total voting power represented by the Company's then outstanding Voting Securities, (b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (c) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

"DGCL" shall mean the General Corporation Law of the State of Delaware and any successor statute as amended from time to time.

"fines" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan.

"other enterprises" shall include employee benefit plans.

"serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company or any subsidiary thereof or in any position which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries.

2. Indemnification.

2.1 Indemnification; Expense Advancement

(a) The Company shall indemnify, and advance Expenses to, Indemnitee to the fullest extent permitted by law if Indemnitee was or is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any hearing, inquiry or investigation ("Proceeding") that Indemnitee in good faith believes might lead to the institution of any such Proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, investigative or other (hereinafter a "Claim") by reason of (or arising in part out of) any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action or inaction on the part of Indemnitee while serving in such capacity (each, an "Indemnifiable Event") against any and all expenses (including attorneys' fees and all other costs (including costs of supercedes and other appeal bonds), expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Proceeding, judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) of such Claim (collectively, "Expenses"), including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses.

(b) In the event the Indemnifiable Event is a Proceeding by or in the right of the Company to procure a judgment in its favor, no indemnification for Expenses shall be made under this Section 2.1 in respect of any Claim as to which Indemnitee shall have been adjudged by a court in a final determination from which there is no appeal to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

2.2 Change in Control. The Company agrees that if there is a Change in Control of the Company then, with respect to all matters thereafter arising concerning Indemnitee's entitlement to indemnifications or the rights of Indemnitee to payments of Expenses and Expense Advances under this Agreement or any other agreement or under the Certificate of Incorporation or Bylaws as now or hereafter in effect, Independent Legal Counsel shall be selected by Indemnitee and shall make such determination by written opinion to the Company and Indemnitee. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

2.3 Mandatory Payment of Expenses. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any Proceeding, or in the defense of any Claim, issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred by Indemnitee in connection therewith.

3. Advancement of Expenses; Indemnification Procedures, Prescriptions and Remedies.

3.1 Advancement of Expenses. The Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding, whether brought by or in the right of the Company or otherwise, in advance of any determination with respect to entitlement to indemnification hereunder within 5 business days after receipt by the Company of a written request from Indemnitee requesting such payment or payments from time to time, whether before or after final disposition of such Proceeding. Such request shall reasonably evidence the Expenses so incurred. Indemnitee hereby undertakes and agrees that he will reimburse and repay the Company for any Expenses so advanced if, and to the extent that, it shall ultimately be determined (in a final adjudication by a court from which there is no further right of appeal) that Indemnitee is not entitled to be indemnified by the Company against such Expenses. Advances shall be made without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

3.2 Notice. Indemnitee shall[, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any Claim made in writing against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown on the signature page of this Agreement.

3.3 Request by Indemnitee. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary or an Assistant Secretary of the Company shall then promptly advise the members of the Board in writing that Indemnitee has requested indemnification. Upon the Company's receipt of such request, a determination, if required by applicable law, with respect to Indemnitee's entitlement to indemnification, shall forthwith be made in accordance with Section 145(d) of the DGCL.

3.4 Presumptions; Burden of Proof. The termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, the failure of persons empowered or selected to make a determination hereunder to have made a determination as to whether Indemnitee has met the standard of conduct set forth in subsections (a) or (b) of Section 145 of the DGCL or an actual determination by such persons that Indemnitee has not met such standard of conduct, prior to the commencement of legal Proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall not be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met such standard of conduct. Indemnitee shall be presumed to be entitled to indemnification and Expense advancement under this Agreement and the burden of proof shall be on the Company to establish that Indemnitee is not so entitled by clear and convincing evidence.

3.5 Failure to Make Timely Determination. If the person or persons empowered or selected to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Company of Indemnitee's request for indemnification, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a knowing misstatement by Indemnitee of a material fact, or knowing omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with Indemnitee's request for indemnification, or (ii) a prohibition of such indemnification under applicable law; *provided, however*, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating to such determination; *provided further*, that the 60-day limitation set forth in this Section shall not apply and such period shall be extended as necessary (i) if within 30 days after receipt by the Company of Indemnitee's request for indemnification Indemnitee and the Company have agreed, and the Board has resolved, to submit such determination to the stockholders of the Company for their consideration at a meeting of stockholders to be held within 90 days after such agreement and such determination is made thereat.

3.6 Adverse Determination; Failure to Pay. If (a) a determination is made that Indemnitee is not entitled to indemnification under this Agreement, (b) there has been any failure by the Company to make timely payment or advancement of any amounts due hereunder, Indemnitee shall be entitled to commence an action seeking an adjudication in the Court of his entitlement to such indemnification or advancement of Expenses. The Company shall not oppose Indemnitee's right to seek any such adjudication.

3.7 Adverse Determination Not to Affect any Judicial Proceeding. If a determination shall have been that Indemnitee is not entitled to indemnification under this Agreement, any judicial proceeding commenced thereafter shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of such initial adverse determination.

3.8 Company Bound by Determination Favorable to Indemnitee. If a determination shall have been made or deemed to have been made that Indemnitee is entitled to indemnification, the Company shall be irrevocably bound by such determination in any judicial proceeding commenced thereafter and shall be precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable, in each such case absent (a) a knowing misstatement by Indemnitee of a material fact, or a knowing omission of a material fact necessary to make a statement by Indemnitee not materially misleading, in connection with Indemnitee's request for indemnification or (b) a prohibition of such indemnification under applicable law.

3.9 Company Bound by the Agreement. The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Agreement that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

3.10 Notice to Insurers. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 3.2, the Company has liability insurance in effect which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, Proceeding, inquiry or investigation in accordance with the terms of such policies.

3.11 Selection of Counsel. In the event the Company shall be obligated hereunder to pay the Expenses of any Claim, the Company shall be entitled to assume the defense of such Claim with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. Thereafter the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Claim; provided that, (a) Indemnitee shall have the right to employ Indemnitee's counsel in any such Claim at Indemnitee expense and (b) if (i) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (iii) the Company shall not continue to retain such counsel to defend such Claim, then the fees and expenses of Indemnitee counsel shall be at the expense of the Company. The Company shall have the right to conduct such defense as it sees fit in its sole discretion, including the right to settle any Claim, against Indemnitee without the consent of the Indemnitee, provided the Company then agrees that such Claim will be indemnified under this Agreement.

4. Additional Indemnification Rights; Nonexclusivity.

4.1 Scope. The Company hereby agrees to indemnify, and advance Expenses to, Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Certificate of Incorporation, the Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer, employee, agent or fiduciary, it is the intent of the Parties that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. For avoidance of doubt, the rights set forth in this Agreement shall be deemed to have vested as of the date on which Indemnitee first became a director or officer of the Company. Accordingly, in the event of any change in any applicable statute or other law governing the Company (a "Change in Law"), or any provision of the Certificate of Incorporation or Bylaws of the Company, which in any such instance narrows or otherwise adversely affects the right of a Delaware corporation or the Company to indemnify a member of its Board of Directors or an officer, employee, agent or fiduciary, such change shall have no effect on this Agreement or the Parties' relative rights and obligations hereunder**,** except and only to the extent that a Change in Law by its terms is required to be applied retroactively to agreements such as this Agreement.

4.2 Nonexclusivity. The indemnification provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Certificate of Incorporation, the Bylaws, any agreement, resolution of the Board, any vote of stockholders or disinterested directors, the DGCL or otherwise. The indemnification provided under this Agreement shall continue as to Indemnitee for any action Indemnitee took or did not take while serving in an indemnified capacity even though Indemnitee may have ceased to serve in such capacity.

5. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, Certificate of Incorporation, Bylaw or otherwise) of the amounts otherwise indemnifiable under this Agreement.

6. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses incurred in connection with any Claim, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

7. Mutual Acknowledgement. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

8. Liability Insurance. To the extent the Company maintains liability insurance applicable to directors, officers, employees, agents or fiduciaries, Indemnitee shall be covered by such policies in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, agents or fiduciaries, if Indemnitee is not an officer or director but is a key employee, agent or fiduciary.

9. Exceptions. Any other provision in this Agreement to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

9.1 Claims Initiated by Indemnitee. To indemnify or advance Expenses to Indemnitee with respect to Claims initiated or brought voluntarily by Indemnitee except (a) claims brought by way of defense, including without limitation, by way of counterclaim, crossclaim, impleader, or third party claim, (b) with respect to actions or Proceedings brought to establish or enforce a right to indemnification or advancement of Expenses under this Agreement or any other agreement or insurance policy or under the Certificate of Incorporation or Bylaws now or hereafter in effect, (c) in specific cases if the Board of Directors has approved the initiation or bringing of such Claim, or (d) as otherwise required under Section 145 of the DGCL, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be;

9.2 Litigation Brought with Lack of Good Faith. To indemnify Indemnitee for any Expenses incurred by Indemnitee with respect to any Proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction in a final determination from which there is no appeal determines that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous; or

9.3 Claims Under Section 16(b). To indemnify Indemnitee for amounts paid to the Company as profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute; provided, Indemnitee shall be advanced Expenses in connection with any Proceeding involving such Claim (i) in which the Company reasonably determines that a violation of Section 16(b) did not occur, or (ii) brought on behalf of the Company by a qualified shareholder if the Company declines to institute a Proceeding within 60 days after a demand therefor.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

11. Miscellaneous.

11.1 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

11.2 Binding Effect; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and personal and legal representatives. The Company shall, as a condition to closing, require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect with respect to Claims relating to Indemnifiable Events regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary of the Company or of any other enterprise at the Company's request.

11.3 Attorneys' Fees. In the event that any action is instituted by Indemnitee under this Agreement or under any liability insurance policies maintained by the Company to enforce or interpret any of the terms hereof or thereof, Indemnitee shall be paid all Expenses incurred by Indemnitee with respect to such action, regardless of whether Indemnitee is ultimately successful in such action, and shall be advanced such Expenses with respect to such action, unless, as a part of such action, a court of competent jurisdiction over such action in a final determination from which there is no appeal determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous. In the event of an action instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement, Indemnitee shall be paid all Expenses incurred by Indemnitee in defense of such action (including costs and expenses incurred with respect to Indemnitee counterclaims and cross-claims made in such action), and shall be advanced Expenses with respect to such action, unless, as a part of such action, a court having jurisdiction over such action in a final determination from which there is no appeal determines that each of Indemnitee's material defenses to such action was made in bad faith or was frivolous.

11.4 Notice. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given (a) five days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, or (d) one day after the business day of delivery by facsimile transmission, if delivered by facsimile transmission, with copy by first class mail, postage prepaid, and shall be addressed if to Indemnitee, at the Indemnitee address as set forth beneath Indemnitee's signature to this Agreement and if to the Company at the Company's address shown on the signature page of this Agreement (attention: Secretary) or at such other address as such Party may designate by ten days' advance written notice to the other Party.

11.5 Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or Proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the Court of Chancery of the State of Delaware in and for New Castle County, which shall be the exclusive and only proper forum for adjudicating such a claim.

11.6 Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

11.7 Choice of Law. This Agreement shall be governed by and its provisions construed and enforced in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents, entered into and to be performed entirely within the State of Delaware, without regard to the conflict of laws principles thereof.

11.8 Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

11.9 Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by both Parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11.10. Integration and Entire Agreement. This Agreement sets forth the entire understanding between the Parties and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the Parties, except for related or applicable provisions that may be in the Certificate of Incorporation, Bylaws, or resolutions of the Board of Directors of the Company, which shall apply in full to the extent more favorable to Indemnitee than comparable terms and provisions contained herein.

11.11 No Construction as Employment Agreement. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained or employed by the Company or any of its subsidiaries.

The Parties have executed and delivered this Agreement as of the _____ day of _____, _____.

ACI WORLDWIDE, INC. (formerly known as Transaction Systems Architects, Inc.)

By: ______________________________
Name: ______________________________
Title: ______________________________
Address: 6060 Coventry Drive
Elkhorn, Nebraska 68022

AGREED TO AND ACCEPTED BY:

Signature: ______________________________
Name: ______________________________
Address: ______________________________
____

Exhibit 10.17

ACI WORLDWIDE, INC.

Nonqualified Stock Option Agreement — Non-Employee Director

2005 Equity and Performance Incentive Plan
(Amended by the Stockholders July 24, 2007)

This Stock Option Agreement (the "Option Agreement") is made as of _____ by and between ACI Worldwide, Inc., a Delaware corporation (the "Corporation"), and **[________]** a Non-Employee Director of the Corporation or its Subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Plan, as amended (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Common Stock ("the Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in the best interests of the Corporation and its stockholders to grant the Optionee an option to purchase a certain number of shares of Stock, in order to provide the Optionee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

1. GRANT OF NON-QUALIFIED STOCK OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in this Option Agreement, **[_________]** shares of Stock (the "Option Shares"). The Date of Grant of this Option is _______. **This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").**

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Optionee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to be a part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern. Capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Plan.

3. EXERCISE PRICE

The exercise price for the shares of Stock subject to the Option granted by this Option Agreement is $ per share (the "Exercise Price").

4. EXERCISE OF OPTION

Subject to the provisions of the Plan and subject to the earlier expiration or termination of this Option in accordance with its terms, the Option granted pursuant to this Option Agreement shall be exercisable only as follows:

4.1. Time of Exercise of Option

4.1.1. The Option shall become exercisable with respect to 100% of the Option Shares on the earlier to occur of (i) the date which is one year following the Date of Grant and (ii) the day immediately prior to the date of the next annual meeting of the stockholders of the Corporation occurring following the Date of Grant.

4.1.2. Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, the Option granted under this Option Agreement shall become immediately exercisable upon the occurrence of a Change in Control (as defined in Section 9 below) if the Optionee holding such Option is a Non-Employee Director of the Corporation or a Subsidiary of the Corporation on the date of the consummation of such Change in Control.

4.1.3 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee ceases to be a Non-Employee Director of the Corporation or a Subsidiary of the Corporation by reason of Disability (as defined in Section 4.3.2 below), the unexercised portion of any Option held by such Optionee at that time will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

4.1.4 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee dies while serving as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation (or dies within a period of one month after termination of his service as a Non-Employee Director for any reason other than Disability or within a period of one year after termination of his service as Non-Employee Director by reason of Disability), the unexercised portion of any Option held by such Optionee at the time of death will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

4.2. Limitations

The portion of the Option that has not become exercisable as of the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or any of its Subsidiaries for any reason shall automatically terminate as of the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or its Subsidiaries and shall not become exercisable after such termination. To the extent the Option is exercisable, it may be exercised, in whole or in part; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under this Option is less than 100 shares. In no event shall the Option be exercised for a fractional share.

4.3. Termination of Option

This Agreement and the Option granted hereby shall terminate automatically and without further notice on the earliest of the following dates:

4.3.1. 90 calendar days from the date of the Optionee's termination of service as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation for any reason other than death or Disability (as defined below);

4.3.2. one year after the Optionee's permanent and total disability as defined in Section 22(e)(3) of the Code ("Disability");

4.3.3. one year after the Optionee's death, if such death occurs (i) while the Optionee is serving as a Non-Employee Director of the Corporation or a Subsidiary of the Corporation, (ii) within the 90-day period following the Optionee's termination of service as a Non-Employee Director for any reason other than Disability; or (iii) within the one-year period following the Optionee's termination of service as a Non-Employee Director by reason of the Optionee's Disability; or

4.3.4. ten years from the Date of Grant.

The Corporation shall have the authority to determine the date an Optionee ceases to serve as a Non-Employee Director by reason of Disability. In the case of death, the Option may be exercised by the executor or administrator of the Optionee's estate or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance.

4.4. Limitations on Exercise of Option

In no event may the Option be exercised, in whole or in part, after the occurrence of an event which results in termination of the Option, as set forth in Section 4.3 above. The Option shall not be exercisable if and to the extent the Corporation determines such exercise or method of exercise would violate applicable securities laws, the rules and regulations of any securities exchange or quotation system on which the Stock is listed, or the Corporation's policies and procedures.

4.5. Method of Exercise of Option

4.5.1. To the extent then exercisable, the Option may be exercised in whole or in part by written notice to the Corporation stating the number of shares for which the Option is being exercised and the intended manner of payment. The date of such notice shall be the exercise date. Payment equal to the aggregate Exercise Price of the shares shall be payable (i) in cash in the form of currency or check or other cash equivalent acceptable to the Corporation, (ii) by actual or constructive transfer to the Corporation of nonforfeitable, outstanding shares of Stock that have been owned by the Optionee for at least six months prior to the date of exercise, (iii) by any combination of the foregoing methods of payment, or (iv) in accordance with such other method or manner as set forth below.

(A) Cash Exercise (to exercise and retain the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock Plan Administration, or to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised plus the full amount of all applicable withholding taxes due on the Option exercise. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option shall be made either in cash or by certified check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

(B) Same-Day-Sale Exercise (to exercise and immediately sell all the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell all of the shares of Stock to be issued upon exercise and (2) remit to the Corporation the portion of the sale proceeds sufficient to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell the shares on the Optionee's behalf. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage fees, transfer fees, and all applicable taxes due on the Option exercise, shall be deducted from the proceeds of the sale of the shares. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option the net proceeds from the sale of the shares of Stock being exercised and sold.

(C) Sell-to-Cover Exercise (to exercise and immediately sell a portion of the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell the portion (which must be a whole number) of the shares of Stock to be issued upon exercise sufficient to generate proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage or transfer fees, and all applicable taxes due on the Option exercise (collectively the "Exercise Costs") and (2) remit to the Corporation a sufficient portion of the sale proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell on the Optionee's behalf only such number of the Shares as is required to generate proceeds sufficient to pay the Exercise Costs. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate for the shares of Stock issued upon exercise which are not sold to pay the Exercise Costs. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option any net proceeds from the sale of the Shares in excess of the Exercise Costs. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion.

4.5.2. As soon as practicable upon the Corporation's receipt of the Optionee's notice of exercise and payment, the Corporation shall direct the due issuance of the shares so purchased.

4.5.3. As a further condition precedent to the exercise of this Option in whole or in part, the Optionee shall comply with all regulations and the requirements of any regulatory authority having control of, or supervision over, the issuance of the shares of Stock and in connection therewith shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

5. TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

6. COMPLIANCE WITH LAW

The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that notwithstanding any other provision of this Option Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any such law.

7. RIGHTS AS STOCKHOLDER

Neither the Optionee nor any executor, administrator, distributee or legatee of the Optionee's estate shall be, or have any of the rights or privileges of, a stockholder of the Corporation in respect of any shares of Stock issuable hereunder unless and until such shares have been fully paid and certificates representing such shares have been endorsed, transferred and delivered, and the name of the Optionee (or of such personal representative, administrator, distributee or legatee of the Optionee's estate) has been entered as the stockholder of record on the books of the Corporation.

8. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by or to serve as a Non-Employee Director of the Corporation, or to interfere in any way with the right and authority of the Corporation either to increase or decrease the compensation or other benefits of the Optionee at any time, or to terminate any relationship between the Optionee and the Corporation.

9. CHANGE IN CONTROL

For purposes of this Option Agreement, "Change in Control" means:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then-outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); *provided*, *however*, that, for purposes of this definition of Change in Control, the following acquisitions shall not constitute a Change in Control: (a) any acquisition directly from the Corporation, (b) any acquisition by the Corporation, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation, (d) any acquisition by any Person pursuant to a transaction that complies with 9(c)(1) below; or (e) any acquisition of beneficial ownership of not more than 25%

of the Outstanding Corporation Voting Securities by any Person that is entitled to and does report such beneficial ownership on Schedule 13G under the Exchange Act (a "13G Filer"), *provided*, *however*, that this clause (v) shall cease to apply when a Person who is a Schedule 13G Filer becomes required to file a Schedule 13D under the Exchange Act with respect to beneficial ownership of 20% or more of the Outstanding Corporation Common Stock or Outstanding Corporation Voting Securities. Notwithstanding any other provision hereof, if a Business Combination (as defined below) is completed during the Performance Period and the Outstanding Corporation Voting Securities are converted into voting securities of the Combined Corporation (as defined below), but such Business Combination does not constitute a "Change in Control" under 9(c) below, "Outstanding Corporation Voting Securities" shall thereafter mean voting securities of the Combined Corporation entitled to vote generally in the election of the members of the Combined Corporation Board.

(b) Any time at which individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors other than as a result of a Business Combination that does not constitute a "Change in Control" under Sections 10(a) above or 9(c)(1) below; *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors (an "Election Contest");

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination (the "Combined Corporation")) beneficially owns, directly or indirectly, such number of the then-Outstanding Corporation Voting Securities as would constitute a "Change in Control" under 9(a) above, and at least one-half of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (the "Combined Corporation Board") were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination (the "Business Combination Agreement"); or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.

10. INTERPRETATION OF THIS OPTION AGREEMENT

All decisions and interpretations made by the Board or the Compensation Committee thereof with regard to any question arising under the Plan or this Option Agreement shall be binding and conclusive on the Corporation and the Optionee and any other person entitled to exercise the Option as provided for herein.

11. COMPLIANCE WITH SECTION 409A OF THE CODE.

To the extent applicable, it is intended that this Option Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Option Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Option Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Optionee).

12. GOVERNING LAW

This Option Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

13. BINDING EFFECT

Subject to all restrictions provided for in this Option Agreement, the Plan, and by applicable law relating to assignment and transfer of this Option Agreement and the Option provided for herein, this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

14. NOTICE

Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee. Any notice hereunder by the Corporation to the Optionee shall be in writing and shall be deemed duly given if mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation.

15. SEVERABILITY

If one or more of the provisions of this Option Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. ENTIRE AGREEMENT; ELIGIBILITY

This Option Agreement and the Plan together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Except for amendments to the Plan incorporated into this Option Agreement by reference pursuant to Section 2 above, neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof. In the event that it is determined that the Optionee was not eligible to receive this Option, the Option and this Option Agreement shall be null and void and of no further effect.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Option Agreement, or caused this Option Agreement to be duly executed on their behalf, as of the day and year first above written.

ACI Worldwide, Inc.

By: ______________________________
[__________]

Optionee:

By: ______________________________
[__________]

ADDRESS FOR NOTICE TO OPTIONEE:

____
Number Street Apt.

____
City State Zip Code

____
SS# Board Appointment Date

DESIGNATED BENEFICIARY:

____
Please Print Last Name, First Name MI

____
Beneficiary's Street Address

____
City State Zip Code

____
Beneficiary's Social Security Number

I understand that in the event of my death, the above named beneficiary will have control of any unexercised options remaining in my account at that time. If no beneficiary is designated or if the named beneficiary does not survive me, the options will become part of my estate. This beneficiary designation does NOT apply to stock acquired by the exercise of options prior to my death.

____
SIGNATURE DATE

After completing this page, please make a copy for your records and return it to Stock Plan Administration, ACI Worldwide, Inc., 6060 Coventry Drive, Elkhorn, NE 68022

2005 Equity and Performance Plan, as amended

__________ Options $_____/Share Exercise Price __________

Exhibit 10.18

ACI WORLDWIDE, INC.

Nonqualified Stock Option Agreement — Employee
(2005 Equity and Performance Incentive Plan)

This Stock Option Agreement (the "Option Agreement") is made as of ____________, by and between ACI Worldwide, Inc., a Delaware corporation (the "Corporation"), and **[_______________________]**, an employee of the Corporation or its Subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Incentive Plan, as amended (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Common Stock (the "Stock"); and

WHEREAS, the Board of Directors of the Corporation has determined that it is desirable and in the best interests of the Corporation and its stockholders to grant the Optionee an option to purchase a certain number of shares of Stock, in order to provide the Optionee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

1. GRANT OF NON-QUALIFIED STOCK OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in this Option Agreement, **[_____________]** shares of Stock (the "Option Shares"). The Date of Grant of this Option is ____________. **This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").**

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Optionee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to be a part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern. Capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Plan.

3. EXERCISE PRICE

The exercise price for the shares of Stock subject to the Option granted by this Option Agreement is $__________ per share (the "Exercise Price").

4. EXERCISE OF OPTION

Subject to the provisions of the Plan and subject to the earlier expiration or termination of this Option in accordance with its terms, the Option granted pursuant to this Option Agreement shall be exercisable only as follows:

4.1 Time of Exercise of Option

4.1.1 The Option shall become exercisable with respect to the Option Shares only as follows: **[**One-quarter**]** of the Option Shares ([___________] Option Shares) shall become exercisable on each of the first **[**four**]** anniversaries of the Date of Grant if the Optionee shall have remained in the continuous employ of the Corporation or any of its Subsidiaries as of each such date.

4.1.2 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee ceases to be an employee of the Corporation or a Subsidiary of the Corporation by reason of Disability (as defined in Section 4.3.2 below), the unexercised portion of any Option held by such Optionee at that time will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

4.1.3 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, if the Optionee dies while employed by the Corporation or a Subsidiary of the Corporation (or dies within a period of one month after ceasing to be an employee for any reason other than Disability or within a period of one year after ceasing to be an employee by reason of Disability), the unexercised portion of any Option held by such Optionee at the time of death will become immediately vested and will be exercisable until terminated in accordance with Section 4.3 below.

[4.1.4 Notwithstanding Section 4.1.1 above, in accordance with the provisions of the Plan, the Option granted under this Option Agreement shall become immediately exercisable upon the occurrence, after the Date of Grant, of a Change in Control (as defined in Section 10 below) if the Optionee is an employee of the Corporation or any Subsidiary on the date of the consummation of such Change in Control.**]**

4.2 Limitations

The portion of the Option that has not become exercisable as of the date of the Optionee's termination of employment with the Corporation or any of its Subsidiaries for any reason shall automatically terminate as of the date of the Optionee's termination of employment with the Corporation or its Subsidiaries and shall not become exercisable after such termination. To the extent the Option is exercisable, it may be exercised, in whole or in part; provided, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under this Option is less than 100 shares. In no event shall the Option be exercised for a fractional share.

4.3 Termination of Option

This Agreement and the Option granted hereby shall terminate automatically and without further notice on the earliest of the following dates:

4.3.1 90 calendar days from the date of the Optionee's termination of employment with the Corporation or a Subsidiary for any reason other than death or Disability (as defined below);

4.3.2 one year after the Optionee's permanent and total disability as defined in Section 22(e)(3) of the Code ("Disability");

4.3.3 one year after the Optionee's death, if such death occurs (i) while the Optionee is employed by the Corporation or a Subsidiary, (ii) within the 90-day period following the Optionee's termination of employment for any reason other than Disability; or (iii) within the one-year period following the Optionee's termination of employment by reason of the Optionee's Disability; or

4.3.4 ten years from the Date of Grant.

The Corporation shall have the authority to determine the date an Optionee ceases to be an employee by reason of Disability. In the case of death, the Option may be exercised by the executor or administrator of the Optionee's estate or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance. The Optionee shall be deemed to be an employee of the Corporation or any Subsidiary if on a leave of absence approved by the Board of Directors of the Corporation and the continuous employment of the Optionee with the Corporation or any of its Subsidiaries will not be deemed to have been interrupted, and the Optionee shall not be deemed to have ceased to be an employee of the Corporation or its Subsidiaries, by reason of the transfer of the Optionee's employment among the Corporation and its Subsidiaries.

4.4 Limitations on Exercise of Option

In no event may the Option be exercised, in whole or in part, after the occurrence of an event which results in termination of the Option, as set forth in Section 4.3 above. The Option shall not be exercisable if and to the extent the Corporation determines such exercise or method of exercise would violate applicable securities laws, the rules and regulations of any securities exchange or quotation system on which the Stock is listed, or the Corporation's policies and procedures.

4.5 Method of Exercise of Option

4.5.1 To the extent then exercisable, the Option may be exercised in whole or in part by written notice to the Corporation stating the number of shares for which the Option is being exercised and the intended manner of payment. The date of such notice shall be the exercise date. Payment equal to the aggregate Exercise Price of the shares shall be payable (i) in cash in the form of currency or check or other cash equivalent acceptable to the Corporation, (ii) by actual or constructive transfer to the Corporation of nonforfeitable, outstanding shares of Stock that have been owned by the Optionee for at least six months prior to the date of exercise, (iii) by any combination of the foregoing methods of payment or (iv) in accordance with such other method or manner as set forth below.

(A) Cash Exercise (to exercise and retain the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock Plan Administration, or to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised plus the full amount of all applicable withholding taxes due on the Option exercise. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option shall be made either in cash or by certified check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

(B) Same-Day-Sale Exercise (to exercise and immediately sell all the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell all of the shares of Stock to be issued upon exercise and (2) remit to the Corporation the portion of the sale proceeds sufficient to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell the shares on the Optionee's behalf. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage fees, transfer fees, and all applicable taxes due on the Option exercise, shall be deducted from the proceeds of the sale of the shares. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option the net proceeds from the sale of the shares of Stock being exercised and sold.

(C) Sell-to-Cover Exercise (to exercise and immediately sell a portion of the Option Shares): Subject to the terms and conditions of this Option Agreement and the Plan, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell the portion (which must be a whole number) of the shares of Stock to be issued upon exercise sufficient to generate proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage or transfer fees, and all applicable taxes due on the Option exercise (collectively the "Exercise Costs") and (2) remit to the Corporation a sufficient portion of the sale proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell on the Optionee's behalf only such number of the Shares as is required to generate proceeds sufficient to pay the Exercise Costs. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate for the shares of Stock issued upon exercise which are not sold to pay the Exercise Costs. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option any net proceeds from the sale of the Shares in excess of the Exercise Costs. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion.

4.5.2 As soon as practicable upon the Corporation's receipt of the Optionee's notice of exercise and payment, the Corporation shall direct the due issuance of the shares so purchased.

4.5.3 As a further condition precedent to the exercise of this Option in whole or in part, the Optionee shall comply with all regulations and the requirements of any regulatory authority having control of, or supervision over, the issuance of the shares of Stock and in connection therewith shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

4.6 Forfeiture and Right to Recoupment.

Notwithstanding anything contained herein to the contrary, by accepting this Option, Optionee understands and agrees that if (a) the Corporation is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of Optionee, or (b) it is determined that the Optionee has otherwise engaged in misconduct (whether or not such misconduct is discovered by the Corporation prior to the termination of Optionee's employment), the Board of Directors or a committee thereof (in each case, the "Board") may take such action with respect to the Option as the Board, in its sole discretion, deems necessary or appropriate and in the best interest of the Corporation and its stockholders. Such action may include, without limitation, causing the forfeiture or cancellation of the unvested and/or vested portion of the Option and the recoupment of any proceeds from the exercise or vesting of the Option and/or the sale of Option Shares issued pursuant to this Agreement. For purposes of this Section 4.6, "misconduct" shall mean a deliberate act or acts of dishonesty or misconduct which either (i) were intended to result in substantial personal enrichment to the Optionee at the expense of the Corporation or (ii) have a material adverse effect on the Corporation. Any determination hereunder, including with respect to Optionee's misconduct, shall be made by the Board in its sole discretion. Notwithstanding any provisions herein to the contrary, Optionee expressly acknowledges and agrees that the rights of the Board set forth in this Section 4.6 shall continue after Optionee's employment with the Corporation is terminated, whether termination is voluntary or involuntary, with or without cause, and shall be in addition to every other right or remedy at law or in equity that may otherwise be available to the Corporation.

5. TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

6. COMPLIANCE WITH LAW

The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, that notwithstanding any other provision of this Option Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any such law.

7. RIGHTS AS STOCKHOLDER

Neither the Optionee nor any executor, administrator, distributee or legatee of the Optionee's estate shall be, or have any of the rights or privileges of, a stockholder of the Corporation in respect of any shares of Stock issuable hereunder unless and until such shares have been fully paid and certificates representing such shares have been endorsed, transferred and delivered, and the name of the Optionee (or of such personal representative, administrator, distributee or legatee of the Optionee's estate) has been entered as the stockholder of record on the books of the Corporation.

8. WITHHOLDING OF TAXES

If the Corporation shall be required to withhold any federal, state, local or foreign tax in connection with exercise of this Option, it shall be a condition to such exercise that the Optionee pay or make provision satisfactory to the Corporation for payment of all such taxes. The Optionee may elect that all or any part of such withholding requirement be satisfied by retention by the Corporation of a portion of the shares purchased upon exercise of this Option. If such election is made, the shares so retained shall be credited against such withholding requirement at the fair market value on the date of exercise.

9. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by the Corporation or any Subsidiary, or to interfere in any way with the right and authority of the Corporation or any Subsidiary either to increase or decrease the compensation of the Optionee at any time, or to terminate any employment or other relationship between the Optionee and the Corporation or any Subsidiary.

[10. CHANGE IN CONTROL

For purposes of this Option Agreement, “Change in Control” means:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then-outstanding shares of common stock of the Corporation (the “Outstanding Corporation Common Stock”) or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Corporation Voting Securities”); *provided*, *however*, that, for purposes of this definition of Change in Control, the following acquisitions shall not constitute a Change in Control: (a) any acquisition directly from the Corporation, (b) any acquisition by the Corporation, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation, (d) any acquisition by any Person pursuant to a transaction that complies with 10(c)(1) below; or (e) any acquisition of beneficial ownership of not more than 25% of the Outstanding Corporation Voting Securities by any Person that is entitled to and does report such beneficial ownership on Schedule 13G under the Exchange Act (a “13G Filer”), *provided*, *however*, that this clause (v) shall cease to apply when a Person who is a Schedule 13G Filer becomes required to file a Schedule 13D under the Exchange Act with respect to beneficial ownership of 20% or more of the Outstanding Corporation Common Stock or Outstanding Corporation Voting Securities. Notwithstanding any other provision hereof, if a Business Combination (as defined below) is completed during the Performance Period and the Outstanding Corporation Voting Securities are converted into voting securities of the Combined Corporation (as defined below), but such Business Combination does not constitute a “Change in Control” under 10(c) below, “Outstanding Corporation Voting Securities” shall thereafter mean voting securities of the Combined Corporation entitled to vote generally in the election of the members of the Combined Corporation Board.

(b) Any time at which individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors other than as a result of a Business Combination that does not constitute a "Change in Control" under Sections 10(a) above or 10(c)(1) below; *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors (an "Election Contest");

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination (the "Combined Corporation")) beneficially owns, directly or indirectly, such number of the then-Outstanding Corporation Voting Securities as would constitute a "Change in Control" under 10(a) above, and at least one-half of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (the "Combined Corporation Board") were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination (the "Business Combination Agreement"); or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.**]**

11. COMPLIANCE WITH SECTION 409A OF THE CODE.

To the extent applicable, it is intended that this Option Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to Optionee. This Option Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Option Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Optionee).

12. INTERPRETATION OF THIS OPTION AGREEMENT

All decisions and interpretations made by the Board or the Compensation Committee thereof with regard to any question arising under the Plan or this Option Agreement shall be binding and conclusive on the Corporation and the Optionee and any other person entitled to exercise the Option as provided for herein.

13. GOVERNING LAW

This Option Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

14. BINDING EFFECT

Subject to all restrictions provided for in this Option Agreement, the Plan, and by applicable law relating to assignment and transfer of this Option Agreement and the Option provided for herein, this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

15. NOTICE

Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee. Any notice hereunder by the Corporation to the Optionee shall be in writing and shall be deemed duly given if mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation.

16. SEVERABILITY

If one or more of the provisions of this Option Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

17. ENTIRE AGREEMENT; ELIGIBILITY

This Option Agreement and the Plan together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Except for amendments to the Plan incorporated into this Option Agreement by reference pursuant to Section 2 above, neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof. In the event that it is determined that the Optionee was not eligible to receive this Option, the Option and this Option Agreement shall be null and void and of no further effect.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Option Agreement, or caused this Option Agreement to be duly executed on their behalf, as of the day and year first above written.

ACI Worldwide, Inc.	**Optionee:**
By: ______________________	By: ______________________
[____________]	[____________]

ADDRESS FOR NOTICE TO OPTIONEE:

____
Number Street Apt.

____
City State Zip Code

____
SS# Hire Date

DESIGNATED BENEFICIARY:

____
Please Print Last Name, First Name MI

____
Beneficiary's Street Address

____
City State Zip Code

____
Beneficiary's Social Security Number

I understand that in the event of my death, the above named beneficiary will have control of any unexercised options remaining in my account at that time. If no beneficiary is designated or if the named beneficiary does not survive me, the options will become part of my estate. This beneficiary designation does NOT apply to stock acquired by the exercise of options prior to my death.

____
SIGNATURE DATE

After completing this page, please make a copy for your records and return it to Stock Plan Administration, ACI Worldwide, Inc., 6060 Coventry Drive, Elkhorn NE 68022

2005 Equity and Performance Incentive Plan, as amended

__________ Options $__________/Share Exercise Price __________

Exhibit 10.29

RESTRICTED SHARE AWARD AGREEMENT

THIS RESTRICTED SHARE AWARD AGREEMENT (this "Agreement") is made and entered into as of the ___ day of _______________, 20___ (the "Grant Date"), between ACI Worldwide, Inc., a Delaware corporation (the "Corporation"), and ___________ (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the ACI Worldwide, Inc. 2005 Equity and Performance Incentive Plan, as amended.

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Incentive Plan, as amended (the "Plan"), which authorizes the Corporation to grant to eligible individuals restricted shares of the Corporation's common stock, par value of $0.005 per share (the "Common Shares"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Corporation (the "Committee") has determined that it is desirable and in the best interests of the Corporation and its stockholders to grant the Grantee a certain number of restricted shares of the Corporation's Common Shares in order to provide the Grantee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Shares.

(a) The Corporation hereby grants to the Grantee an award (the "Award") of ___ Common Shares (the "Shares" or the "Restricted Shares") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

(b) The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the restrictions shall lapse in accordance with Sections 2 and 3 hereof.

2. Terms and Rights as a Stockholder.

(a) Except as provided herein and subject to such other exceptions as may be determined by the Committee in its discretion, the Restricted Shares shall vest and the "Restricted Period" for such Restricted Shares shall expire as to ___________ Restricted Shares (___%) awarded hereunder on the **[**first anniversary**]** of the Grant Date and as to ___________ Restricted Shares (___%) on each of the **[**second, third and fourth**]** anniversaries of the Grant Date (in each case as such number may be adjusted in accordance with Section 8 hereof).

(b) The Grantee shall have all rights of a stockholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions:

(i) the Grantee shall not be entitled to delivery of the stock certificate for any Shares until the expiration of the Restricted Period as to such Shares;

(ii) none of the Restricted Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during the Restricted Period as to such Shares; and

(iii) except as otherwise determined by the Committee at or after the grant of the Award hereunder, if the Grantee's employment with the Corporation or any Subsidiary is terminated at any time for any reason, any of the Restricted Shares as to which the Restricted Period has not expired shall be forfeited, and all rights of the Grantee to such Shares shall terminate, without further obligation on the part of the Corporation and ownership of all such forfeited Restricted Shares shall be transferred back to the Corporation.

Any Shares, any other securities of the Corporation and any other property (except for cash dividends) distributed with respect to the Restricted Shares shall be subject to the same restrictions, terms and conditions as such Restricted Shares.

In order to facilitate the transfer back to the Corporation of any Restricted Shares that are forfeited and cancelled as described herein, including a transfer as payment of required withholding taxes as set forth in Section 10 of this Agreement or pursuant to Section 6 below, Grantee shall, upon the request of the Corporation, provide a stock power or other instrument of assignment (including a power of attorney) endorsed in blank, with a guarantee of signature if deemed necessary or appropriate by the Corporation.

(c) Notwithstanding the foregoing, the Restricted Shares shall vest and the Restricted Period shall automatically terminate as to all Restricted Shares awarded hereunder (as to which such Restricted Period has not previously terminated) upon the occurrence of the following events:

(i) termination of the Grantee's employment with the Corporation or a Subsidiary which results from the Grantee's death or Disability (as defined in Section 22(e)(3) of the Code); or

[(ii) the occurrence after the Grant Date of a Change in Control as defined in Exhibit A attached hereto and incorporated by reference.**]**

3. Termination of Restrictions.

(a) Upon the expiration or termination of the Restricted Period as to any portion of the Restricted Shares, or at such earlier time as may be determined by the Committee, all restrictions set forth in this Agreement or in the Plan relating to such portion of the Restricted Shares shall lapse as to such portion of the Restricted Shares, and a stock certificate for the appropriate number of Shares, free of the restrictions and restrictive stock legend, shall be delivered to the Grantee or the Grantee's beneficiary or estate, as the case may be, pursuant to the terms of this Agreement.

(b) Notwithstanding the foregoing, the expiration or termination of the Restricted Period as to any portion of Restricted Shares shall be delayed in the event the Corporation reasonably anticipates that the expiration or termination of the Restricted Period, or the delivery of unrestricted Shares would constitute a violation of federal securities laws or other applicable law. If the expiration or termination of the Restricted Period, or the delivery of unrestricted Shares, is delayed by the provisions of this Section 3(b), such expiration, termination and/or delivery shall occur at the earliest date at which the Corporation reasonably anticipates such expiration, termination or delivery will not cause a violation of federal securities laws or other applicable law. For purposes of this Section 3(b), the delivery of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of applicable law.

4. Delivery of Shares.

(a) As of the date hereof, certificates representing the Restricted Shares shall be registered in the name of the Grantee and held by the Corporation or transferred to a custodian appointed by the Corporation for the account of the Grantee subject to the terms and conditions of the Plan and shall remain in the custody of the Corporation or such custodian until their delivery to the Grantee or Grantee's beneficiary or estate as set forth in Sections 4(b) and (c) hereof or their reversion to the Corporation as set forth in Sections 2(b) and 6 hereof.

(b) Certificates representing Restricted Shares in respect of which the Restricted Period has lapsed pursuant to this Agreement shall be delivered to the Grantee as soon as practicable following the date on which the restrictions on such Restricted Shares lapse subject to Section 10 below.

(c) Certificates representing Restricted Shares in respect of which the Restricted Period lapsed upon the Grantee's death shall be delivered to the executors or administrators of the Grantee's estate as soon as practicable following the receipt of proof of the Grantee's death satisfactory to the Corporation subject to Section 10 below.

(d) Each certificate representing Restricted Shares shall bear a legend in substantially the following form:

THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE ACI WORLDWIDE, INC. 2005 EQUITY AND PERFORMANCE INCENTIVE PLAN (THE "PLAN") AND THE RESTRICTED SHARE AWARD AGREEMENT (THE "AGREEMENT") BETWEEN THE OWNER OF THE RESTRICTED SHARES REPRESENTED HEREBY AND ACI WORLDWIDE, INC. (THE "CORPORATION"). THE RELEASE OF SUCH SHARES FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF THE PLAN AND THE AGREEMENT, COPIES OF WHICH ARE ON FILE AT THE CORPORATION.

5. Effect of Lapse of Restrictions. To the extent that the Restricted Period applicable to any Restricted Shares shall have lapsed, the Grantee may receive, hold, sell or otherwise dispose of such Shares free and clear of the restrictions imposed under the Plan and this Agreement subject to the rights of the Corporation for recoupment set forth in Section 6 below.

6. Forfeiture and Right of Recoupment. Notwithstanding anything contained herein to the contrary, by accepting this Award, Grantee understands and agrees that if (a) the Corporation is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of Grantee, or (b) it is determined that the Grantee has otherwise engaged in misconduct (whether or not such misconduct is discovered by the Corporation prior to the termination of Grantee's employment), the Board of Directors or a committee thereof (in each case, the "Board") may take such action with respect to the Award as the Board, in its sole discretion, deems necessary or appropriate and in the best interest of the Corporation and its stockholders. Such action may include, without limitation, causing the forfeiture of unvested Restricted Shares, requiring the transfer of ownership back to the Corporation of unrestricted Shares issued hereunder and still held by the Grantee and the recoupment of any proceeds from the vesting of Restricted Shares or the sale of unrestricted Shares issued pursuant to this Agreement. For purposes of this Section 6, "misconduct" shall mean a deliberate act or acts of dishonesty or misconduct which either (i) were intended to result in substantial personal enrichment to the Grantee at the expense of the Corporation or (ii) have a material adverse effect on the Corporation. Any determination hereunder, including with respect to Grantee's misconduct, shall be made by the Board in its sole discretion. Notwithstanding any provisions herein to the contrary, Grantee expressly acknowledges and agrees that the rights of the Board set forth in this Section 6 shall continue after Grantee's employment with the Corporation or its Subsidiary is terminated, whether termination is voluntary or involuntary, with or without cause, and shall be in addition to every other right or remedy at law or in equity that may otherwise be available to the Corporation.

7. No Right to Continued Employment. The grant of the Restricted Shares is discretionary and shall not be construed as giving Grantee the right to be retained in the employ of the Corporation or any Subsidiary and shall not be considered to be an employment contract or a part of the Grantee's terms and conditions of employment or of the Grantee's salary or compensation and the Corporation or any Subsidiary may at any time dismiss Grantee from employment, free from any liability or any claim under the Plan.

8. Adjustments. In the event of any change in the number of Shares by reason of a merger, consolidation, reorganization, recapitalization, or similar transaction, or in the event of a stock dividend, stock split, or distribution to stockholders (other than normal cash dividends), the Committee shall adjust the number and class of shares subject to outstanding Restricted Shares and other value determinations applicable to outstanding Restricted Shares. No adjustment provided for in this Section 8 shall require the Corporation to issue any fractional share.

9. Amendments. Subject to any restrictions contained in the Plan, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award, prospectively or retroactively; provided, that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination which would adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at the Corporation.

10. Withholding of Taxes.

(a) The Grantee shall be liable for any and all taxes, including withholding taxes, arising out of this grant or the vesting of Restricted Shares hereunder. In the event that the Corporation or the Grantee's employer (the "Employer") is required to withhold taxes as a result of the grant, vesting or subsequent sale of Shares hereunder, the Grantee shall at the election of the Corporation, in its sole discretion, either (i) surrender a sufficient number of whole Shares for which the Restricted Period has expired or other Common Shares owned by the Grantee, having a fair market value, as determined by the Corporation on the last day of the Restricted Period equal to the amount of such taxes, or (ii) make a cash payment, as necessary to cover all applicable required withholding taxes and required social security/insurance contributions at the time the restrictions on the Restricted Shares lapse, unless the Corporation, in its sole discretion, has established alternative procedures for such payment. If the number of shares required to cover all applicable withholding taxes and required social security/insurance contributions includes a fractional share, then Grantee shall deliver cash in lieu of such fractional share. All matters with respect to the total amount to be withheld shall be determined by the Corporation in its sole discretion.

(b) Regardless of any action the Corporation or the Grantee's Employer takes with respect to any or all income tax, social security/insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by him is and remains the Grantee's responsibility and that the Corporation and or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of Restricted Shares, including the grant, vesting or release, the subsequent sale of Shares and receipt of any dividends; and (ii) do not commit to structure the terms or any aspect of this grant of Restricted Shares to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Corporation or the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or the Grantee's receipt of Restricted Shares that cannot be satisfied by the means previously described above in Section 10(a). The Corporation may refuse to deliver the Shares related thereto if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

(c) Grantee will notify the Corporation in writing if he or she files an election pursuant to Section 83(b) of the Code. The Grantee understands that he or she should consult with his or her tax advisor regarding the advisability of filing with the Internal Revenue Service an election under 83(b) of the Code, which must be filed no later than thirty (30) days after the date of the acquisition of the Shares pursuant to this Agreement, the Grant Date. This time period cannot be extended. The Grantee acknowledges that timely filing of a Section 83(b) election is the Grantee's sole responsibility.

11. Plan Governs and Entire Agreement. The Plan is incorporated herein by reference. The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and provisions thereof. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof. The terms of this Agreement are subject to, and governed by, in all respects the terms and conditions of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

12. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

13. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Corporation. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Corporation under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

14. Non-Assignability. The Restricted Shares are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until the Restricted Period expires or terminates as provided in this Agreement; provided, however, that the Grantee's rights with respect to such Restricted Shares may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 13, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Shares.

15. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee.

16. Miscellaneous.

(a) The interpretation and construction by the Board of Directors and/or the Committee of any provision of the Plan or this Agreement shall be final and conclusive upon the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(b) This Agreement and its validity, interpretation, performance and enforcement shall be governed by the laws of the State of Delaware other than the conflict of laws provisions of such laws.

(c) If the Grantee has received this or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

(d) No rule of strict construction shall be implied against the Corporation, the Committee or any other person in the interpretation of any of the terms of the Plan, this Agreement or any rule or procedure established by the Committee.

(e) Wherever the word "Grantee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Shares may be transferred by will or the laws of descent and distribution, the word "Grantee" shall be deemed to include such person or persons.

(f) Grantee agrees, upon demand of the Corporation or the Committee, to do all acts and execute, deliver and perform all additional documents, instruments and agreements which may be reasonably required by the Corporation or the Committee, as the case may be, to implement the provisions and purposes of this Agreement and the Plan.

(g) All notices under this Agreement to the Corporation must be delivered personally or mailed to the Corporation at its principal office, addressed to the attention of Stock Plan Administration. The Corporation's address may be changed at any time by written notice of such change to the Grantee. Also, all notices under this Agreement to the Grantee will be delivered personally or mailed to the Grantee at his or her address as shown from time to time in the Corporation's records.

17. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Corporation for all purposes.

18. <u>Consent To Transfer Personal Data</u>. By accepting this Award, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 18. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee’s ability to participate in the Plan. The Corporation and its Subsidiaries hold certain personal information about Grantee, that may include Grantee’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock held in the Corporation, or details of any entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of implementing, managing and administering the Plan (“Data”) The Corporation and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Grantee’s participation in the Plan, and the Corporation and/or any of its Subsidiaries may each further transfer Data to any third parties assisting the Corporation in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee’s participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Grantee’s behalf by a broker or other third party with whom Grantee or the Corporation may elect to deposit any shares of stock acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Corporation; however, withdrawing consent may affect Grantee’s ability to participate in the Plan.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Restricted Share Award Agreement, or caused this Restricted Share Award Agreement to be duly executed on their behalf, as of the day and year first above written.

ACI Worldwide, Inc.	**Grantee:**
By: ______________________	By: ______________________
[____________]	**[Name]**

ADDRESS FOR NOTICE TO GRANTEE:

Number	Street	Apt.
City	State	Zip Code
SS#	Hire Date	

After completing this page, please make a copy for your records and return it to Stock Plan Administration, ACI Worldwide, Inc. 6060 Coventry Drive, Elkhorn, NE 68022

2005 Equity and Performance Incentive Plan, as amended

<Number> Restricted Shares <Date>

[Exhibit A

For purposes of this Agreement, “Change in Control” means:

(1) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Corporation (the “Outstanding Corporation Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Corporation Voting Securities”); *provided*, *however*, that, for purposes of this definition of Change in Control, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Corporation, (ii) any acquisition by the Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation, (iv) any acquisition by any Person pursuant to a transaction that complies with (3)(A) below; or (v) any acquisition of beneficial ownership of not more than 25% of the Outstanding Corporation Voting Securities by any Person that is entitled to and does report such beneficial ownership on Schedule 13G under the Exchange Act (a “13G Filer”), *provided*, *however*, that this clause (v) shall cease to apply when a Person who is a Schedule 13G Filer becomes required to file a Schedule 13D under the Exchange Act with respect to beneficial ownership of 20% or more of the Outstanding Corporation Common Stock or Outstanding Corporation Voting Securities. Notwithstanding any other provision hereof, if a Business Combination (as defined below) is completed during the Restricted Period and the Outstanding Corporation Voting Securities are converted into voting securities of the Combined Corporation (as defined below), but such Business Combination does not constitute a “Change in Control” under (3) below, “Outstanding Corporation Voting Securities” shall thereafter mean voting securities of the Combined Corporation entitled to vote generally in the election of the members of the Combined Corporation Board.

(2) Any time at which individuals who, as of the date hereof, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors other than as a result of a Business Combination that does not constitute a “Change in Control” under Sections (1) above or (3)(A) below; *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors (an “Election Contest”);

(3) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination (the "Combined Corporation")) beneficially owns, directly or indirectly, such number of the then-Outstanding Corporation Voting Securities as would constitute a "Change in Control" under (1) above, and at least one-half of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination (the "Combined Corporation Board") were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination (the "Business Combination Agreement"); or

(4) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.**]**

Exhibit 21.01

SUBSIDIARIES OF THE REGISTRANT

ACI Worldwide de Argentina S.A.	Argentina
ACI Worldwide (Pacific) Pty. Ltd.	Australia
Insession Labs, Pty. Ltd.	Australia
ACI Worldwide (Brasil) Ltda.	Brazil
ACI Worldwide (Canada), Inc.	Canada
ACI Worldwide (Shanghai) Co. Ltd.	China
ACI Worldwide France S.A.R.L.	France
Applied Communications Holding GmbH	Germany
Applied Communications Verwaltungs GmbH	Germany
ACI Worldwide (Germany) GmbH & Co. KG	Germany
ACI Worldwide (eps) AG	Germany
ACI Worldwide (Hellas) EPE	Greece
Applied Communications (Hong Kong) Limited	Hong Kong
ACI Worldwide Solutions Pvt. Ltd.	India
Applied Communications GPC Limited	Ireland
Applied Communications (Ireland) Limited	Ireland
ACI Worldwide (Italia) S.R.L.	Italy
ACI Worldwide (Japan) K.K.	Japan
ACI Worldwide Korea Yuhan Hoesa	Korea
ACI Worldwide (Malaysia) Sdn. Bhd.	Malaysia
ACI Worldwide (Mexico) S.A. de C.V.	Mexico
ACI Worldwide Corp.	Nebraska
ACI Worldwide GPC (US) LLC	Nebraska
ACI Worldwide B.V.	Netherlands
ACI Worldwide (New Zealand) Limited	New Zealand
eps NZ Limited	New Zealand
Applied Communications Worldwide (Norway) A.S.	Norway
ACI Worldwide Philippine Islands, Inc.	Philippines
ACI Worldwide (Eastern Europe Development) S.R.L.	Romania
ACI Worldwide (Asia) Pte. Ltd.	Singapore
ACI Worldwide (South Africa) (Pty.) Ltd.	South Africa
ACI Worldwide Cornastone (Pty) Ltd.	South Africa
ACI Worldwide Iberica S.L.	Spain
ACI Soluciones, S.L.	Spain
ACI Worldwide (Nordic) AB	Sweden
ACI Worldwide Schweiz GmbH	Switzerland
ACI Worldwide (UK Development) Limited	United Kingdom
Electronic Payment Systems Limited	United Kingdom
Applied Communications Inc. U.K. Holding Limited	United Kingdom
Applied Communications Inc. (CIS) Limited	United Kingdom
ACI Worldwide (EMEA) Limited	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-157952 on Form S-3 and Registration Statement Nos. 333-123263, 333-113550, 333-88024, 333-88020, 333-59630, 333-59632, 333-33728, 333-73027, 333-93900, 333-2594, and 333-146794 on Form S-8 of our reports dated February 26, 2010, relating to the consolidated financial statements of ACI Worldwide, Inc. and subsidiaries ("ACI Worldwide, Inc.") as of and for the year ended December 31, 2009, and the effectiveness of ACI Worldwide Inc.'s internal control over financial reporting as of December 31, 2009, appearing in this Annual Report on Form 10-K of ACI Worldwide, Inc. for the year ended December 31, 2009.

/s/ DELOITTE & TOUCHE LLP

Omaha, Nebraska
February 26, 2010

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
ACI Worldwide, Inc.:

We consent to the incorporation by reference in the registration statement No. 333-157952 on Form S-3 and (Nos. 333-123263, 333-113550, 333-88024, 333-88020, 333-59630, 333-59632, 333-33728, 333-73027, 333-93900, 333-2594, and 333-146794) on Form S-8 of ACI Worldwide, Inc. of our report dated March 3, 2009, with respect to the consolidated balance sheet of ACI Worldwide, Inc. as of December 31, 2008, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for the year ended December 31, 2008, the three month period ended December 31, 2007 and the year ended September 30, 2007, which report appears in the December 31, 2009 annual report on Form 10-K of ACI Worldwide, Inc.

Our report dated March 3, 2009, on the consolidated financial statements contains an explanatory paragraph that refers to the Company's adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*, (now codified as Accounting Standards Codification (ASC) 740, *Income Taxes*, as of October 1, 2007).

/s/ KPMG LLP

Omaha, Nebraska
February 26, 2010

Exhibit 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Philip G. Heasley, certify that:

1. I have reviewed this annual report on Form 10-K of ACI Worldwide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILIP G. HEASLEY

Philip G. Heasley
President, Chief Executive Officer
and Director

Date: February 26, 2010

Exhibit 31.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott W. Behrens, certify that:

1. I have reviewed this annual report on Form 10-K of ACI Worldwide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SCOTT W. BEHRENS

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

Date: February 26, 2010

Exhibit 32.01

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of ACI Worldwide, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Philip G. Heasley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PHILIP G. HEASLEY

Philip G. Heasley
President, Chief Executive Officer
and Director

Date: February 26, 2010

Exhibit 32.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of ACI Worldwide, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott W. Behrens Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott W. Behrens

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

Date: February 26, 2010