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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

Commission File Number 0-25346

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

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

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 x   No o

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

Large accelerated filer x   Accelerated filer o   Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o   No x

As of September 20, 2007, there were 35,764,083 shares of the registrant's common stock outstanding.

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

	June 30, 2007 (unaudited)	September 30, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 89,965	$ 110,148
Billed receivables, net of allowances of $1,709 and $2,110	73,226	72,439
Accrued receivables	13,777	14,443
Deferred income taxes, net	5,830	9,410
Recoverable income taxes	2,956	—
Other current assets	19,486	19,079
Total current assets	205,240	225,519
Property, plant and equipment, net	18,926	14,306
Software, net	33,118	34,294
Goodwill	202,974	191,518
Other intangible assets, net	40,846	42,435
Deferred income taxes, net	15,935	12,294
Other assets	12,543	13,781
TOTAL ASSETS	$ 529,582	$ 534,147
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 14,293	$ 15,090
Accrued employee compensation	26,823	30,089
Deferred revenue	97,105	78,996
Income taxes payable	—	1,788
Accrued settlement for class action litigation	—	8,450
Accrued and other current liabilities	17,832	23,174
Total current liabilities	156,053	157,587
Deferred revenue	25,742	20,380
Note payable under credit facility	75,000	75,000
Other noncurrent liabilities	17,480	13,968
Total liabilities	274,275	266,935
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at June 30, 2007 and September 30, 2006	—	—
Common stock, $0.005 par value; 70,000,000 shares authorized; 40,821,516 and 40,823,728 shares issued at June 30, 2007 and September 30, 2006, respectively	204	204
Treasury stock, at cost, 4,122,513 and 3,561,745 shares outstanding at June 30, 2007 and September 30, 2006, respectively	(113,429)	(94,313)
Additional paid-in capital	309,616	307,553
Retained earnings	61,841	62,357
Accumulated other comprehensive loss	(2,925)	(8,589)
Total stockholders' equity	255,307	267,212
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 529,582	$ 534,147

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

ACI WORLDWIDE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006 (Restated)	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006 (Restated)
Revenues:				
Software license fees	$ 40,920	$ 41,955	$ 120,629	$ 133,077
Maintenance fees	31,287	25,989	89,917	76,053
Services	25,902	16,820	70,800	50,542
Total revenues	98,109	84,764	281,346	259,672
Expenses:				
Cost of software license fees	9,932	7,895	31,336	22,335
Cost of maintenance and services	26,789	19,385	74,287	59,332
Research and development	13,422	10,191	37,448	29,921
Selling and marketing	16,894	15,896	51,843	48,437
General and administrative	26,190	15,877	76,374	48,410
Total expenses	93,227	69,244	271,288	208,435
Operating income	4,882	15,520	10,058	51,237
Other income (expense):				
Interest income	940	1,641	2,839	6,154
Interest expense	(1,431)	(10)	(4,488)	(126)
Other, net	(1,533)	(227)	(2,163)	(239)
Total other income (expense)	(2,024)	1,404	(3,812)	5,789
Income before income taxes	2,858	16,924	6,246	57,026
Income tax benefit (provision)	(5,581)	5,605	(6,762)	(4,321)
Net income (loss)	$ (2,723)	$ 22,529	$ (516)	$ 52,705
Earnings (loss) per share information				
Weighted average shares outstanding				
Basic	37,075	37,529	37,140	37,341
Diluted	37,075	38,476	37,140	38,208
Earnings (loss) per share				
Basic	$ (0.07)	$ 0.60	$ (0.01)	$ 1.41
Diluted	$ (0.07)	$ 0.59	$ (0.01)	$ 1.38

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

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

	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006 (Restated)
Cash flows from operating activities:		
Net income (loss)	$ (516)	$ 52,705
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	4,355	3,035
Amortization	10,878	2,943
Tax expense of intellectual property transfer	1,434	—
Amortization of debt financing cost	252	—
Gain on transfer of assets under contractual obligation	(404)	—
Loss on disposal of assets	67	—
Deferred income taxes	(1,168)	(11,598)
Share-based compensation expense	4,794	4,412
Tax benefit of stock options exercised and settled	855	1,456
Changes in operating assets and liabilities, net of acquired balances:		
Billed and accrued receivables, net	4,734	293
Other current assets	(1,145)	(33)
Other assets	(304)	(3,021)
Accounts payable	(3,079)	(3,378)
Accrued employee compensation	(7,521)	(3,855)
Accrued liabilities	2,756	246
Payment of class action litigation settlement	(8,450)	—
Current income taxes	(2,061)	12,602
Deferred revenue	18,623	(8,210)

Other current and noncurrent liabilities	2,243	107
Net cash flows from operating activities	26,343	47,704
Cash flows from investing activities:		
Purchases of property and equipment	(6,695)	(3,133)
Purchases of software and distribution rights	(910)	(2,401)
Purchases of marketable securities	(2,500)	(50,937)
Acquisition of businesses, net of cash acquired	(17,487)	(13,139)
Sales of marketable securities	—	56,038
Proceeds from assets transferred under contractual obligation	500	—
Other	6	—
Net cash flows from investing activities	(27,086)	(13,572)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	909
Proceeds from exercises of stock options	25	11,608
Excess tax benefit of stock options exercised	17	2,321
Purchases of common stock	(19,218)	(24,688)
Payments on debt and capital leases	(2,404)	(2,949)
Other	—	(15)
Net cash flows from financing activities	(21,580)	(12,814)
Effect of exchange rate fluctuations on cash	2,140	3,354
Net increase (decrease) in cash and cash equivalents	(20,183)	24,672
Cash and cash equivalents, beginning of period	110,148	83,693
Cash and cash equivalents, end of period	$ 89,965	$ 108,365
Supplemental cash flow information:		
Income taxes paid (benefit received), net	$ 11,058	$ (911)
Interest paid	$ 2,832	$ 128

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

1. Consolidated Financial Statements

On July 24, 2007, the stockholders approved the adoption of an Amended and Restated Certificate of Incorporation to change the Company name from "Transaction Systems Architects, Inc." to "ACI Worldwide, Inc." ("the Company"). The Company has been marketing its products and services under the ACI Worldwide brand since 1993 and has gained significant market recognition under this brand name. Historically, the Company operated with three business units: ACI Worldwide, Insession Technologies and Intranet Worldwide. In the first quarter of fiscal 2006, the Company restructured its organization combining the products and services within these three business units into one operating unit under the ACI Worldwide name.

The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The consolidated financial statements at June 30, 2007, and for the three and nine months ended June 30, 2007 and 2006, are unaudited and reflect all adjustments of a normal recurring nature, except as otherwise disclosed herein, which are, in the opinion of management, necessary for a fair presentation, in all material respects, of the financial position and operating results for the interim periods.

The consolidated financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2006. The results of operations for the three and nine months ended June 30, 2007 are not necessarily indicative of the results that may be achieved for the entire fiscal year ending September 30, 2007.

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.

During the nine months ended June 30, 2007, the Company was conducting an independent review of historical stock option grants, preparing restated historical financial information, and working towards becoming current on its filings with the Securities and Exchange Commission ("SEC"). In addition to the impact of the stock option matters, the Company restated the financial statements for the three months and nine months ended June 30, 2006 to correct for a deferred tax benefit that was previously recognized in error. The details of the investigation and the conclusions reached by management, including restated historical financial information, are more fully described in the Company's Form 10-K for the year ended September 30, 2006 which was filed with the SEC on May 11, 2007.

Acquisitions

eps Electronic Payment Systems AG

On May 31, 2006, the Company acquired the outstanding shares of eps Electronic Payment Systems AG ("eps AG"). The aggregate purchase price for eps AG was $30.4 million, which was comprised of cash payments of $19.1 million, 330,827 shares of common stock valued at $11.1 million, and direct costs of the acquisition. eps AG, with operations in Germany, Romania, the United Kingdom and other European locations, offers electronic payment and complementary solutions focused largely in the German market. The acquisition of eps AG occurred in two closings. The initial closing occurred on May 31, 2006, and the second closing occurred on October 31, 2006. Cash consideration paid at the initial closing totaled $13.0 million, net of $3.1 million of cash acquired and the remaining cash consideration of $6.1 million was paid on October 31, 2006. All shares of the Company's common stock issued as consideration for the eps AG acquisition were issued at the initial closing. The Company accounted for the acquisition of eps AG in its entirety as of May 31, 2006, and recorded a liability, included in accrued and other liabilities at September 30, 2006, in the amount of $6.1 million, for the remaining cash consideration that was paid on October 31, 2006. The Company accounted for this as a delayed delivery of consideration as the price was fixed and not subject to change, with complete decision-making and control of eps AG held by the Company as of the date of the initial closing.

Under the terms of the acquisition, the parties established a cash escrow arrangement in which approximately $1.0 million of the cash consideration paid at the initial closing was held in escrow as security for a potential contingent obligation. The Company distributed the escrow in October 2006 in accordance with the terms of the escrow arrangement as the contingent liability paid by the Company was recovered from a third party. Additionally, certain of the sellers of eps AG have committed to certain indemnification obligations as part of the sale of eps AG. Those obligations are secured by the shares of common

stock issued to the sellers pursuant to the eps AG acquisition to the degree such shares are restricted at the time such an indemnification obligation is triggered, if at all, the likelihood of which is deemed remote.

The consolidated financial statements as of June 30, 2007 and September 30, 2006 and for the three and nine months ended June 30, 2007 include amounts acquired from, as well as results of operations of, eps AG.

P&H Solutions, Inc.

On August 28, 2006, the Company entered into an Agreement and Plan of Merger with P&H Solutions, Inc. ("P&H") under the terms of which P&H became a wholly owned subsidiary of the Company. P&H is a provider of web-based enterprise business banking solutions to financial institutions. The acquisition of P&H closed on September 29, 2006. The aggregate purchase price for P&H, including direct costs of the acquisition, was $133.7 million, net of $20.2 million of cash acquired. The purchase price allocation is preliminary and may change due to the finalization of bad debt reserves and escrow settlements.

The consolidated financial statements as of June 30, 2007 and September 30, 2006 and for the three and nine months ended June 30, 2007 include amounts acquired from, as well as results of operations of, P&H.

During the nine months ended June 30, 2007 the Company incurred cash payments of $10.5 million for P&H acquisition-related compensation.

Visual Web

On February 7, 2007, the Company 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 will complement and be integrated with the Company's U.S.-centric cash management and online banking solutions to create a more complete international offering. Visual Web has wholly owned subsidiaries in Singapore for sales and customer support and in Bangalore, India for product development and services.

The consolidated financial statements as of June 30, 2007 and for the three and nine months then ended include amounts acquired from, as well as the results of operations of, Visual Web from February 7, 2007 forward.

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	
Customer relationships, noncompetes, and other intangible assets		

The finalization of the purchase price allocation may result in certain adjustments to the preliminary amounts including bad debt reserves, 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 insignificant.

Stratasoft

On April 2, 2007, the Company acquired Stratasoft Sdn Bhd ("Stratasoft"), a provider of electronic payment solutions in Malaysia. This acquisition is expected to compliment the Company's strategy to move to a direct sales model in selected markets in Asia.

The consolidated financial statements as of June 30, 2007 and for the three and nine months then ended include amounts acquired from, as well as the results of operations of, Stratasoft from April 2, 2007 forward.

The aggregate purchase price of Stratasoft, including direct costs of the acquisition, was $2.5 million, net of $0.7 million of cash acquired. The Company will pay an additional aggregate amount of up to $1.2 million (subject to foreign currency fluctuations) to the sellers if Stratasoft achieves certain financial targets set forth in the purchase agreement for the periods ending December 31, 2007 and December 31, 2008.

Under the terms of the acquisition, the parties established a cash escrow arrangement in which $0.5 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	$ 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	
Customer relationships, noncompetes, and other intangible assets		

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.

The finalization of the purchase price allocation may result in certain adjustments to the preliminary amounts including complete understanding of customer agreements, bad debt reserves, tax contingencies, earn out 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 insignificant.

Recent Accounting Standards

Recently Adopted Accounting Standards

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 154, *Accounting Changes and Error Corrections*, which supersedes APB 20, *Accounting Changes*, and SFAS 3, *Reporting Accounting Changes in Interim Financial Statements*, as of October 1, 2006. SFAS No. 154 changes the method for reporting an accounting change. Under SFAS No. 154, accounting changes must be retrospectively applied to all prior periods whose financial statements are presented, unless the change in accounting principle is due to a new pronouncement that provides other transition guidance or unless application of the retrospective method is impracticable. Under the retrospective method, companies will no longer present the cumulative effect of a change in accounting principle in their statement of operations for the period of the change. SFAS No. 154 carries forward unchanged APB 20's guidance for reporting corrections of errors in previously issued financial statements and for reporting changes in accounting estimates. The adoption of SFAS No. 154 had no impact on the Company's financial statements as there have been no accounting changes or errors during the first nine months of fiscal 2007.

The Company adopted EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation*) ("EITF No. 06-3") as of January 1, 2007. EITF No. 06-3 requires the disclosure of the Company's accounting policy regarding its gross or net presentation of externally imposed taxes on revenue producing transactions in the notes to the consolidated financial statements. No additional disclosures are required since the Company's policy is to present revenues net of any taxes collected from customers.

Recently Issued Accounting Standards

In June 2005, the FASB issued FASB Staff Position No. ("FSP") FAS 143-1, *Accounting for Electronic Equipment Waste Obligations*. FSP FAS 143-1 addresses the accounting for obligations associated with Directive 2002/96/EC on Electrical and Electronic Equipment (the "Directive") adopted by the European Union ("EU"). FSP FAS 143-1 is effective the later of the Company's fiscal 2006 or the date that an EU member country in which the Company might have an obligation adopts the Directive. To date, the adoption of FSP FAS 143-1 in those countries which have already adopted the Directive has not had a material effect on the Company's financial position, results of operations or cash flows and the Company does not expect the adoption of FSP FAS 143-1 by countries in the future to have a material effect on its financial position, results of operations or cash flows.

In June 2006, the FASB ratified EITF No. 06-2 *Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43, Accounting for Compensated Absences* ("EITF No. 06-2"). EITF No. 06-2 provides guidelines under which sabbatical leave or other similar benefits provided to an employee are considered to accumulate, as defined in FASB Statement 43. If such benefits are deemed to accumulate, then the compensation cost associated with a sabbatical or other similar benefit arrangement should be accrued over the requisite service period. The provisions of this Issue are effective for fiscal years beginning after December 15, 2006 and allow for either retrospective application or a cumulative effect adjustment to equity upon adoption. The Company does not expect that the adoption of EITF No. 06-2 will have a material effect on its consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. ("FIN") 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ("FIN 48"), which establishes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact, if any, that this interpretation will have on its financial condition and/or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS No. 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS No. 157 is effective for the Company's 2009 fiscal year, although early adoption is permitted. The Company is currently assessing the potential effect, if any, of SFAS No. 157 on its consolidated financial statements.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"). SAB 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. SAB 108 must be implemented by the end of the Company's fiscal 2007. The Company is currently assessing the potential effect, if any, of SAB 108 on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an Amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("SFAS No. 158"). SFAS No. 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize the changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for the Company as of the end of its fiscal 2007. The Company does not expect the adoption of SFAS No. 158 to significantly affect its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115* ("SFAS 159"). SFAS No. 159 permits an entity to elect fair value as the initial and subsequent measurement attribute for many financial assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value in earnings. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. SFAS 159 is effective for the Company's fiscal year 2008. The adjustment to reflect the difference between the fair value and the carrying amount would be accounted for as a

cumulative-effect adjustment to retained earnings as of the date of initial adoption. The Company is currently evaluating the impact, if any, of SFAS 159 on its consolidated financial statements.

2. Revenue Recognition, Accrued Receivables and Deferred Revenue

Software License Fees. The Company recognizes software license fee revenue in accordance with 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 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 (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, vendor-specific objective evidence ("VSOE") of fair value does not exist for the license element; therefore, the Company uses the residual method under SOP 98-9 to determine the amount of revenue to be allocated to the license element. Under SOP 98-9, the fair value of all undelivered elements, such as postcontract 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 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 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, 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.

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. For certain of the Company’s products, VSOE of the fair value of PCS is determined by a consistent pricing of PCS and PCS renewals as a percentage of the software license fees. In other products, the Company determines VSOE by reference to contractual renewals, when the renewal terms are substantive. In those cases where VSOE of the fair value of PCS is determined by reference to contractual renewals, 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 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 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 product history. 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.

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 permits the customer to receive or exchange for 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 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 are short-term, time-based license arrangements or include PCS terms that fail to achieve VSOE of fair value due to non-substantive renewal periods. For these arrangements, VSOE of fair value of PCS does not exist and revenues are therefore recognized ratably over the contractually specified PCS term. The Company typically classifies revenues associated with these arrangements in accordance with the contractually specified amounts assigned to the various elements, including software license fees and maintenance fees. The following are amounts included in revenues in the consolidated statements of operations for which VSOE of fair value does not exist for each element (in thousands):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Software license fees	$ 2,496	$ 4,428	$ 7,115	$ 12,735
Maintenance fees	1,172	1,441	3,429	4,117
Services	1,084	1,130	3,277	3,417
Total	$ 4,752	$ 6,999	$ 13,821	$ 20,269

Maintenance Fees. The Company typically enters into multi-year time-based software license arrangements that vary in length but are generally 5 years. These arrangements include an initial (bundled) PCS term of 1 or 2 years with subsequent renewals for additional years within the initial license period. For arrangements in which the Company looks to substantive renewal rates 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. 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), 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 ARB No. 45 and the relevant guidance provided by 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 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 separate provisions of Emerging Issues Task Force (EITF) 00-21, *Revenue Arrangements with Multiple Deliverables*. 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. Any up-front fees allocated to the hosting services are recognized over the estimated life of the hosting relationship. Professional services revenues are recognized as the services are performed when the services have stand-alone value and over the estimated life of the hosting relationship when the services do not have stand-alone value.

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

Deferred Revenue. Deferred revenue includes (1) amounts currently due and payable from customers, and payments received from customers, for software licenses, maintenance and/or services in advance of providing the product or performing services, (2) amounts deferred whereby VSOE of the fair value of undelivered elements in a bundled arrangement does not exist, and (3) amounts deferred if other conditions for revenue recognition have not been met.

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 the facts and circumstances related to each situation 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.

3. Share-Based Compensation Plans

A summary of stock options as of June 30, 2007 and changes during the nine months then ended is as follows:

Stock Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at September 30, 2006	3,459,090	$ 18.24		
Granted	716,496	34.73		
Exercised	(3,543)	7.52		
Cancelled/Forfeited/Expired	(166,476)	18.93		
Outstanding at June 30, 2007	4,005,567	$ 21.17	7.0	$ 50,994
Exercisable at June 30, 2007	2,079,595	$ 14.52	5.5	$ 39,854

During the first nine months of fiscal 2007, the Company granted 716,496 stock options with a weighted average grant date fair value of $17.75. The weighted-average grant date fair value of stock options granted during the nine months ended June 30, 2006 was $14.82. The total intrinsic value of stock options exercised during the first nine months of fiscal 2007 and fiscal 2006 was $0.1 million and $11.0 million, respectively. During the first nine months of fiscal 2007, stock option exercises were limited due to the suspension of any such stock option exercises during the period because the Company was not current with its filings with the SEC. During the first nine months of fiscal 2006, the Company issued new shares of common stock for the exercise of stock options. The Company issued treasury shares for the exercise of stock options during the first nine months of fiscal 2007.

The fair value of options granted during the first nine months of fiscal 2007 was estimated on the date of grant using the Black-Scholes option-pricing model, a pricing model acceptable under SFAS No. 123(R), with the following weighted-average assumptions:

	Three Months Ended June 30, 2007	Nine Months Ended June 30, 2007
Expected life	5.3	5.3

Interest rate	5.0%	5.0%
Volatility	51%	51%
Dividend yield	—	—

The fair value of options granted during the first nine months of fiscal 2006 was estimated on the date of grant using the Black-Scholes option-pricing model, a pricing model acceptable under SFAS No. 123(R), with the following weighted-average assumptions:

	Three Months Ended June 30, 2006	Nine Months Ended June 30, 2006
Expected life	4.5	4.4
Interest rate	5.0%	4.7%
Volatility	42%	42%
Dividend yield	—	—

Expected volatilities are based on implied volatilities from traded options on the Company's common stock as well as 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, assuming differing exercise behaviors for stratified employee groupings. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon issues with a remaining term equal to the expected term 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 first nine months of fiscal 2007, the Company granted long-term incentive program performance share awards ("LTIP Performance Shares") pursuant to the Company's 2005 Equity and Performance Incentive Plan, as amended (the "2005 Incentive Plan") representing 174,947 shares (based on a target of 100%) of the Company's common stock with a weighted-average grant date fair value of $34.25 per share to various key employees of the Company, using the market price of the Company's common stock at the time of grant as the fair value per share. During the first nine months of fiscal 2006, the Company granted long-term LTIP Performance Shares representing 124,000 shares (based on a target of 100%) of the Company's common stock with a weighted-average grant date fair value of $29.18 per share to various key employees of the Company, using the market price of the Company's common stock at the time of grant as the fair value per share. A summary of nonvested LTIP Performance Shares as of June 30, 2007 and changes during the nine months then ended 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
Change in expected attainment for fiscal 2006 grants	(29,220)	—
Fiscal 2007 awards granted	174,947	34.25
Cancelled/Forfeited/Expired	(13,780)	29.10
Nonvested at June 30, 2007	351,097	$ 31.61

These LTIP Performance Shares are earned, if at all, based upon the achievement, over 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.

Management currently believes that an achievement level of 130% will be attained for the awards granted in fiscal 2006 and an achievement level of 100% will be attained for the awards granted in fiscal 2007. During the quarter ended June 30, 2007, management revised the expected attainment for the fiscal 2006 awards from 150% to 130% due to changes in forecasted diluted earnings per share.

As of June 30, 2007, there were unrecognized compensation costs of $14.7 million related to nonvested stock options and $5.3 million related to nonvested LTIP Performance Shares which the Company expects to recognize over weighted-average periods of 3.1 years and 1.9 years, respectively.

Share-based compensation expense recognized under SFAS No. 123 (R) in the third quarter of fiscal 2007 related to stock options and LTIP Performance Shares was $1.4 million, with corresponding tax benefits of $0.5 million. Share-based compensation expense recognized under SFAS No. 123 (R) in the first nine months of fiscal 2007 related to stock options and LTIP Performance Shares was $4.8 million, with corresponding tax benefits of $1.7 million. No share-based compensation costs were capitalized during the third quarter or first nine months of fiscal 2007. Share-based compensation expense related to stock options, LTIP Performance Shares and the ESPP recognized under SFAS No. 123 (R) in the third quarter of fiscal 2006 was $1.5 million, with corresponding tax benefits of $0.5 million. Share-based compensation expense related to stock options, LTIP Performance Shares and the ESPP recognized under SFAS No. 123 (R) in the first nine months of fiscal 2006 was $4.4 million, with corresponding tax benefits of $1.6 million. 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. There was no expense recognized for the ESPP in the third quarter or first nine months of fiscal 2007 due to the suspension of the plan during the period because the Company was not current with its filings with the SEC.

There were no option exercises during the quarter ended June 30, 2007 due to the suspension of stock option exercises during the period because the Company was not current with its filings with the SEC. Cash received from option exercises for the quarter ended June 30, 2006 was $4.5 million. Cash received from option exercises for the first nine months of fiscal 2007 and 2006 was $0.1 million and $11.6 million, respectively. The actual tax benefit realized for the tax deductions from option exercises was $1.4 million for the quarter ended June 30, 2006. The actual tax benefit realized for the tax deductions from option exercises totaled $0.1 million and $3.7 million for the nine months ended June 30, 2007 and 2006, respectively.

During the first nine months of fiscal 2007, the Company reclassified 503,261 vested options from equity classification to liability classification as these options either cash settled during the nine months ended June 30, 2007 or were expected as of June 30, 2007, to be cash settled in future periods 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 compensation expense of $3.2 million and $6.9 million in the three and nine months ended June 30, 2007, respectively, which is recorded in general and administrative expense in the accompanying consolidated statement of operations.

4. Marketable Securities

The Company accounts for its investments in marketable securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company's portfolio consists of securities classified as available-for-sale, which are recorded at fair market values based on quoted market prices. Net unrealized gains and losses on marketable securities (excluding other than temporary losses) are reflected in the consolidated financial statements as a component of accumulated other comprehensive loss. Net realized gains and losses are computed on the basis of average cost and are recognized when realized. Components of the Company's marketable securities portfolio, included in other current assets, at each balance sheet date were as follows (in thousands):

	June 30, 2007	September 30, 2006
Municipal auction rate notes	$ 2,500	$ —

At each balance sheet date, all of the Company's investments in municipal auction rate notes had an AAA rating. Due to the nature of the marketable securities in which the Company invests, the Company does not typically experience significant

movements in the market values of its marketable securities investments. As a result, gross unrealized gains and losses on the Company's investments in marketable securities are insignificant.

5. Goodwill

Changes in the carrying amount of goodwill during the first nine months of fiscal 2007, consisting primarily of additional goodwill related to the acquisitions of P&H, eps AG, Visual Web, and Stratasoft, as well as foreign currency translation adjustments, were as follows (in thousands):

	Total
Balance, September 30, 2006	$ 191,518
Foreign currency translation adjustments	3,708
Adjustments – acquisition of P&H	112
Adjustments – acquisition of eps AG	61
Additions - acquisition of Visual Web	6,863
Additions - acquisition of Stratasoft	712
Balance, June 30, 2007	$ 202,974

6. Software and Other Intangible Assets

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

	June 30, 2007	September 30, 2006
Internally-developed software	$ 13,131	$ 13,156
Purchased software	78,905	73,863
	92,036	87,019
Less: accumulated amortization	(58,918)	(52,725)
Software, net	$ 33,118	$ 34,294

At June 30, 2007, the $33.1 million software net book value includes the following software purchased through acquisitions which is being marketed for external sale: $1.8 million of S2 Systems, Inc. purchased software, $4.2 million of eps AG purchased software, $19.6 million of P&H purchased software, and $1.3 million of Visual Web purchased software. The remaining software net book value of $6.2 million is comprised of various software that has been acquired or developed for internal use. The Company did not capitalize internal software development costs to be marketed for external sale in the first nine months of fiscal 2007 or 2006.

Amortization of acquired software marketed for external sale is computed using the greater of the ratio of current revenues to total current and 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 amortization expense recorded in the third quarter of fiscal 2007 and 2006 totaled $2.1 million and $0.5 million, respectively. Software amortization expense recorded in the first nine months of fiscal 2007 and 2006 totaled $6.0 million and $1.5 million, respectively. The majority of these software amortization expense amounts are reflected in either cost of software license fees or general and administrative expenses 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):

	June 30, 2007	September 30, 2006
Customer relationships	$ 40,063	$ 36,891
Purchased contracts	11,572	11,411
Trademarks and tradenames	2,203	2,152
Covenant not to compete	1,523	1,450
	55,361	51,904
Less: accumulated amortization	(14,515)	(9,469)
Other intangible assets, net	$ 40,846	$ 42,435

Other intangible assets amortization expense recorded in the third quarter of fiscal 2007 and 2006 totaled $1.7 million and $0.5 million, respectively. Other intangible assets amortization expense recorded in the first nine months of fiscal 2007 and 2006 totaled $4.9 million and $1.5 million, respectively.

The Company added other intangible assets of $25.1 million and $5.7 million, respectively, from the acquisition of P&H and eps AG in fiscal 2006. In fiscal 2007, other intangible assets of $1.2 million from the acquisition of Visual Web and $1.3 million from the acquisition of Stratasoft were added. Based on capitalized intangible assets at June 30, 2007, and assuming no impairment of these intangible assets, estimated amortization expense for the remainder of fiscal 2007 and in future fiscal years is as follows (in thousands):

Fiscal Year Ending September 30,	Software Amortization	Other Intangible Assets Amortization
2007 (remainder of fiscal year)	$ 2,209	$ 1,597
2008	7,922	6,382
2009	7,399	6,228
2010	6,204	6,158
2011	5,330	6,158
Thereafter	4,054	14,323
Total	$ 33,118	$ 40,846

7. Corporate Restructuring and Other Reorganization Charges

During fiscal 2006, the Company restructured its Product and Americas Sales organizations. These actions resulted in severance-related restructuring charges of $0.9 million during fiscal 2006 and additional severance-related restructuring charges of $0.3 million during the first nine months of fiscal 2007, which are reflected in operating expenses. The allocation of these charges was as follows: $0.1 million in selling and marketing, $0.1 million in general and administrative, and $0.1 million in research and development. The majority of these charges were in the Americas reportable operating segment. The following table shows activity in the first nine months of fiscal 2007 related to these exit activities (in thousands):

	Termination Benefits
Balance, September 30, 2006	$ 724
Additional termination charges incurred	307
Adjustments to previously recorded liabilities	(69)
Amounts paid during the first nine months of fiscal 2007	(962)
Balance, June 30, 2007	$ —

8. Common Stock and Earnings Per Share

Options to purchase shares of the Company's common stock at an exercise price of one cent per share are included in common

stock for presentation purposes on the June 30, 2007 and September 30, 2006 consolidated balance sheets, and are included in common shares outstanding for earnings per share computations for the three and nine months ended June 30, 2007 and 2006. Included in common stock are 2,212 penny options at September 30, 2006. These penny options were cash settled on May 30, 2007.

In March 2007, the Company's Board of Directors approved an increase of $100 million to the Company's current repurchase authorization for the purchase of common stock, bringing the total authorization to $210 million, of which approximately $117.3 million remains available as of June 30, 2007. As of June 30, 2007, under this plan the Company has purchased approximately 3.3 million shares for approximately $92.7 million. Purchases are made from time to time as market and business conditions warrant, in open market, negotiated or block transactions, subject to applicable laws, rules and regulations. Subsequent to June 30, 2007 through September 20, 2007, the Company purchased 934,920 shares at an average price of $27.42 per share.

Earnings per share is computed in accordance with SFAS No. 128, *Earnings per Share*. Basic earnings per share is computed on the basis of weighted average outstanding common shares. Diluted earnings 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 per share (in thousands):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2007	2006 (Restated)	2007	2006 (Restated)

Weighted average shares outstanding:				
Basic weighted average shares outstanding	37,075	37,529	37,140	37,341
Add: Dilutive effect of stock options, restricted stock awards and other dilutive securities	—	947	—	867
Diluted weighted average shares outstanding	37,075	38,476	37,140	38,208

The diluted shares for the three and nine months ended June 30, 2007 exclude incremental weighted average shares of 686,648 and 761,306, respectively related to employee stock options. These shares are excluded due to their antidilutive effect as a result of the Company's net loss during the three and nine months ended June 30, 2007.

Additionally for, the third quarter and first nine months of fiscal 2007, there were 1.2 million stock options outstanding, and 0.4 million LTIP performance shares outstanding for both periods, that were excluded from the computations of diluted earnings per share because the awards were for contingently issuable shares or the exercise prices of the corresponding stock options were greater than the average market value of common stock during the period. For the third quarter and first nine months of fiscal 2006 there were 0.5 million and 0.7 million stock options outstanding, respectively, and 0.2 million and 0.2 million LTIP performance shares outstanding, respectively, that were excluded from the computation.

9. Comprehensive Income (Loss)

The Company's components of other comprehensive income (loss) were as follows (in thousands):

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006 (Restated)	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006 (Restated)
Net income (loss)	$ (2,723)	$ 22,529	$ (516)	$ 52,705
Other comprehensive income (loss):				
Foreign currency translation adjustments	2,614	855	5,664	618
Change in unrealized investment holding loss:				
Unrealized holding loss arising during the period	—	3	—	6
Comprehensive income (loss)	$ (109)	$ 23,387	$ 5,148	$ 53,329

Accumulated other comprehensive income (loss) included in the Company's consolidated condensed balance sheets represents the accumulated foreign currency translation adjustment.

10. 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, Europe/Middle East/Africa ("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 maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues and operating income by geographical region.

The following are revenues and operating income for the periods indicated. The prior period amounts for operating income have been reclassified to conform to current period presentation which reflect a change in the allocation of corporate and certain global support costs (in thousands):

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006
Revenues:				
Americas	$ 52,253	$ 47,033	$ 152,022	$ 134,562
EMEA	36,548	29,684	102,848	100,704
Asia/Pacific	9,308	8,047	26,476	24,406
	$ 98,109	$ 84,764	$ 281,346	$ 259,672
Operating income (loss):				
Americas	6,992	14,011	14,887	36,865
EMEA	(3,316)	(467)	(9,392)	8,871
Asia/Pacific	1,206	1,976	4,563	5,501
	$ 4,882	$ 15,520	$ 10,058	$ 51,237

No single customer accounted for more than 10% of the Company's consolidated revenues during the third quarter or first nine months of fiscal 2007 or 2006. Aggregate revenues attributable to customers in Canada accounted for 14.3% and 14.8% of the Company's consolidated revenues during the third quarter of fiscal 2007 and 2006, respectively, and 10.3% and 10.6% for the first nine months of fiscal 2007 and 2006, respectively. Aggregate revenues attributable to customers in the United Kingdom accounted for 10.8% of the Company's consolidated revenues during the first nine months of fiscal 2006.

Revenues and expenses resulting from the acquisition of P&H are included in the Americas reportable operating segment, while revenues and expenses related to eps AG are primarily included in the EMEA reportable operating segment, for the quarter and nine months ended June 30, 2007. Revenues and expenses related to Visual Web and Stratasoft are primarily included in the Asia/Pacific reportable operating segment for the quarter and nine months ended June 30, 2007.

11. Income Taxes

During the interim periods ended December 31, 2006 and March 31, 2007, the Company estimated an annual effective tax rate for the fiscal year ending September 30, 2007. Calculating the estimated annual effective tax rate requires the Company to estimate annual pre-tax income by tax jurisdiction and annual ordinary income. The annual effective tax rate is revised, if necessary, at the end of each interim period based upon the Company's most current best estimate. During September 2007, the Company revised its estimate of the amount of total income and the allocation of income among tax jurisdictions in which the income is expected to occur for the year ending September 30, 2007. The revised annual effective tax rate was significantly impacted as a result of these changes in the revised projections.

In accordance with FASB Interpretation No. 18, Accounting for Income Taxes in Interim Periods, (FIN 18), the Company discontinued the use of an annual effective tax rate and estimated an actual effective tax rate for the year-to-date period ended June 30, 2007. The effective tax rate for the three months ended June 30, 2007 was 195.3%. The significant increase in the effective tax rate for the three months ended June 30, 2007 as compared to the first two interim periods in the year ending September 30, 2007 was primarily the result of losses incurred in foreign jurisdictions where the Company is unable to recognize

a tax benefit and the fixed nature of certain tax charges associated with the transfer of certain intellectual property rights out of the United States as compared to the lower estimated pre-tax income.

The effective tax rate for the third quarter of fiscal 2007 was approximately 195.3% as compared to a benefit of 33.1% for the same period of fiscal 2006. The effective tax rate for the first nine months of fiscal 2007 was approximately 108.3% as compared to 7.6% for the same period of fiscal 2006. The effective tax rates for the third quarter of fiscal 2007 as well as the first nine months of fiscal 2007 were higher than the effective tax rate for the third quarter and first nine months of fiscal 2006 primarily due to the increased losses in foreign jurisdictions where the Company is unable to recognize a tax benefit, the recognition of tax expense associated with the transfer of certain intellectual property rights out of the United States during fiscal 2007 and the release of tax contingency reserves and other accruals related to the conclusion and settlement of a U.S. tax audit in fiscal 2006.

12. Contingencies

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 individuals 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 Second Amended Consolidated Class Action Complaint previously alleged that during the purported class period, the Company and the named defendants 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. That Complaint also alleged that, prior to August 2002, the purported truth regarding the Company's financial condition had not been disclosed to the market. The Company and the individual defendants initially filed a motion to dismiss the lawsuit. In response, on December 15, 2003, the Court dismissed, without prejudice, Gregory Derkacht, the Company's former president and chief executive officer, as a defendant, but denied the motion to dismiss with respect to the remaining defendants, including the Company.

On July 1, 2004, lead plaintiff filed a motion for class certification wherein, for the first time, lead plaintiff sought to add an additional class representative, Roger M. Wally. On August 20, 2004, defendants filed their opposition to the motion. On March 22, 2005, the Court issued an order certifying the class of persons that purchased the Company's common stock from January 21, 1999 through November 18, 2002.

On January 27, 2006, the Company and the individual defendants filed a motion for judgment on the pleadings, seeking a dismissal of the lead plaintiff and certain other class members, as well as a limitation on damages based upon plaintiffs' inability to establish loss causation with respect to a large portion of their claims. On February 6, 2006, additional class representative Roger M. Wally filed a motion to withdraw as a class representative and class member. On April 21, 2006, and based upon the pending motion for judgment, a motion to intervene as a class representative was filed by the Louisiana District Attorneys Retirement System ("LDARS"). LDARS previously attempted to be named as lead plaintiff in the case. On July 5, 2006, the Magistrate denied LDARS' motion to intervene, which LDARS appealed to the District Judge.

On May 17, 2006, the Court denied the motion for judgment on the pleadings as being moot based upon the Court's granting lead plaintiff leave to file a Third Amended Complaint ("Third Complaint"), which it did on May 31, 2006. The Third Complaint alleges the same misrepresentations as described above, while simultaneously alleging that the purported truth about the Company's financial condition was being disclosed throughout that time, commencing in April 1999. The Third Complaint sought unspecified damages, interest, fees, and costs.

On June 14, 2006, the Company and the individual defendants filed a motion to dismiss the Third Complaint pursuant to Rules 8 and 12 of the Federal Rules of Civil Procedure. 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. The Company responded to this appeal in accordance with the Court of Appeals' orders and procedures. The appeal has not yet been decided.

Derivative Litigation. On May 16, 2007, Thomas J. Lieven filed a purported stockholder derivative action in the United States District Court for the Southern District of New York. The lawsuit names certain former and current officers, all of the current directors and certain former directors as individual defendants. The Company is named as a nominal defendant. The plaintiff makes allegations related to the Company's historical stock option granting practices, and asserts claims on behalf of the Company against the individual defendants under Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9, as well as state law claims for breach of fiduciary duties, abuse of control, gross mismanagement, constructive fraud, waste of corporate assets and unjust enrichment. The plaintiff has informed the court and the defendants that he intends to amend his originally filed complaint. Once filed, the defendents intend to respond to the amended complaint.

13. Assets of Business Transferred Under Contractual Arrangement

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 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 transferred under the agreement. At September 30, 2006, the Company had $1.3 million of assets related to this transfer recorded in other current assets, and $1.2 million of liabilities recorded in other current liabilities.

An initial payment of $0.5 million was paid to the Company on October 2, 2006. The remaining $2.5 million is to be paid in installments through 2010. In accordance with the terms of the Asset Purchase Agreement, the Company has certain obligations to fulfill on behalf of the buyer. Among other things, the Company is obligated to provide continuing support for certain customers of the aforementioned product lines by furnishing a certain level of staffing to provide the support as well as administrative services for a period after the transaction. The Company will be reimbursed for such services at a rate equal to cost plus five percent. Additionally, the Company will remain a reseller of these products for a royalty fee of 50% of revenues generated from sales. The Company signed a termination agreement for the Edmonton, Canada office lease and all further obligations effective June 30, 2007.

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 assets and liabilities to be divested were classified in other current assets and accrued and other current liabilities within the Company's consolidated balance sheet at September 30, 2006. During the first quarter of fiscal 2007, the Company collected $0.5 million. As a result, the net assets have been written down to zero and the Company recognized a pretax gain in the first quarter of fiscal 2007 of $0.4 million which is recorded in other income (expense) in the accompanying consolidated statement of operations for the nine months ended June 30, 2007. The Company will recognize gains in future periods as the remaining $2.5 million of payments are received.

14. Leases

The Company entered a new software license agreement effective May 31, 2007, payable in 10 quarterly installments. Software assets at June 30, 2007 include $2.6 million for the cost of this license and associated accumulated amortization of $0.1 million. Future minimum payments related to this agreement at June 30, 2007 are (in thousands):

Fiscal year ending September 30,		
2007	$	564
2008		1,085
2009		1,085
Total minimum lease payments		2,734
Amount representing interest		178
Present value of minimum lease payments	$	2,556

In connection with the license, the Company will also incur annual maintenance expense of $1.0 million through November 2009.

15. Subsequent Events

Subsequent to June 30, 2007, the Company has incurred cash outlays of approximately $5.7 million for the cash settlement of vested options that optionees were unable to exercise due to the suspension of option exercises during the period for which the Company was not current with its filings with the SEC and which would otherwise have expired.

Subsequent to June 30, 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.

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. The swap effective date was July 20, 2007 and terminates on October 4, 2010. The variable rate re-prices quarterly.

On August 16, 2007 the Company entered into an 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 $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.

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

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.

On September 6, 2007, the Company expanded the Board of Directors to seven members and appointed Alfred R. Berkeley, III, Chairman and CEO of Pipeline Trading Systems LCC, and Jan H. Suwinski, a professor of business operations at the Samuel Curtis Johnson Graduate School of Management at Cornell University, to serve as directors of the Company.

Subsequent to June 30, 2007, the Company committed to actions to reduce headcount by a total of approximately 50 employees. In connection with these actions, the Company estimates that it will incur $3.3 million to $4.3 million of cash severance costs. The majority of these severance costs are expected to be incurred during the Company's fourth quarter of fiscal year 2007, with the remainder to be incurred by the end of December 2007. These costs are in addition to approximately $3.2 million of severance related charges recorded during the nine-month period ended June 30, 2007.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 include words or phrases such as "management anticipates," "we believe," "we anticipate," "we expect," "we plan," "we will," "we are well positioned," and words and phrases of similar impact, and 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 acquisition of eps Electronic Payment Systems AG, P&H Solutions, Inc., Visual Web Solutions, Inc., and Stratasoft Sdn. Bhd and those related to our organizational restructuring activities. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any or all of the forward-looking statements in this document 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 is guaranteed, and our actual future results may vary materially from the results expressed or implied in our forward-looking statements. The cautionary statements in this report expressly qualify all of our forward-looking statements. In addition, we are not obligated, and do not intend, to update any of our forward-looking statements at any time unless an update is required by applicable securities laws. 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 Part III Item 1A in the section entitled "Risk Factors – Factors That May Affect Our Future Results or The Market Price of Our Common Stock" and those discussed in Part I Item 1A in the section entitled "Risk Factors – Factors That May Affect Our Future Results or the Market Price of Our Common Stock" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

The following discussion should be read together with our financial statements and related notes contained in this report and with the financial statements and related notes and "Management's Discussion & Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006. Results for the quarter and nine months ended June 30, 2007 are not necessarily indicative of results that may be attained in the future.

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 this 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 will oversee remote software development operations in Romania and elsewhere, as well as manage certain of our intellectual property rights. We are also seeking to 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. We also moved our principal executive offices to New York City in September 2006 to manage our global infrastructure more strategically.

We have launched a service called ACI On Demand, wherein we will host our payment systems and sell them as a service to banks, retailers and processors.

During the nine months ended June 30, 2007, we were conducting an independent review of historical stock option grants, preparing restated historical financial information, and working towards becoming current on our filings with the Securities and Exchange Commission ("SEC"). The details of the investigation and the conclusions reached by management, including

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restated historical financial information, are more fully described in our Form 10-K for the fiscal year ended September 30, 2006 which was filed with SEC on May 11, 2007. As a result of the historic stock option review and the delay in filing our Form 10-K for the fiscal year ended September 30, 2006, we were not current with our SEC reporting obligations from the period commencing with the regulatory filing date of the Form 10-K until the filing of this quarterly report on Form 10-Q.

On July 24, 2007, our stockholders approved the adoption of an Amended and Restated Certificate of Incorporation to change our 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. Historically, we operated with three business units: ACI Worldwide, Insession Technologies and Intranet Worldwide. In the first quarter of fiscal 2006, we restructured our organization combining the products and services within these three business units into one operating unit under the ACI Worldwide name.

Key trends that currently impact our strategies and operations include:

- **Increasing electronic payment transaction volumes.** Electronic payment volumes continue to increase around the world, taking market share from traditional cash and check transactions. We commissioned an independent industry study that determined that electronic payment volumes are expected to grow at approximately 13% per year for the next five years, 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.

- **Aging payments software.** In many markets, electronic payments are processed using software developed by internal information technology departments, much of which was originally developed over ten years ago. Increasing transaction volumes, industry mandates and the overall costs of supporting these older technologies often serve to make these older systems obsolete, creating opportunities for us to replace this aging software with newer and more advanced products.

- **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 such as Windows, UNIX and Linux. 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 Europay/Mastercard/Visa ("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 ATM's and POS devices). We are working with many customers around the world to facilitate EMV deployments, leveraging several of our solutions.

- **Single Euro Payments Area ("SEPA") and Faster Payments Mandates.** The SEPA and Faster Payment initiatives,

primarily focused on the European Economic Community and the United Kingdom, are designed to facilitate lower costs for cross-border payments and facilitate reduced timeframes for settling electronic payment transactions. Our retail and wholesale banking solutions provide 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. There are several potential negative effects of increased consolidation activity. Continuing consolidation of financial institutions may result in a lower 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 decide 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 and manage enterprise risk. Our reorganization was, in part, focused on this trend, by facilitating the delivery of 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 U.S. dollars, 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.

We continue to seek ways to grow, through both organic sources 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.

We continue to evaluate strategies intended to improve our overall effective tax rate. Our degree of success in this regard and related acceptance by taxing authorities of tax positions taken, as well as changes to tax laws in the United States and in various foreign jurisdictions, could cause our effective tax rate to fluctuate from period to period. During the third quarter of fiscal 2006, we began to manage certain intellectual property rights from our Irish subsidiary as part of our overall globalization strategy. We expect these globalization efforts to result in future improvements in profitability and reductions in our overall effective tax rate.

Subsequent Events

Subsequent to June 30, 2007, the Company has incurred cash outlays of approximately $5.7 million for the cash settlement of vested options that optionees were unable to exercise due to the suspension of option exercises during the period for which the Company was not current with its filings with the SEC and which would otherwise have expired.

Subsequent to June 30, 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.

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. The swap effective date was July 20, 2007 and terminates on October 4, 2010. The variable rate re-prices quarterly.

On August 16, 2007 the Company entered into an 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 $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.

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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.

On September 6, 2007, the Company expanded the Board of Directors to seven members and appointed Alfred R. Berkeley, III, Chairman and CEO of Pipeline Trading Systems LCC, and Jan H. Suwinski, a professor of business operations at the Samuel Curtis Johnson Graduate School of Management at Cornell University, to serve as directors of the Company.

Subsequent to June 30, 2007, the Company committed to actions to reduce headcount by a total of approximately 50 employees. In connection with these actions, the Company estimates that it will incur $3.3 million to $4.3 million of cash severance costs. The majority of these severance costs are expected to be incurred during the Company's fourth quarter of fiscal year 2007, with the remainder to be incurred by the end of December 2007. These costs are in addition to approximately $3.2 million of severance related charges recorded during the nine-month period ended June 30, 2007.

Acquisitions

On May 31, 2006, we acquired eps Electronic Payment Systems AG ("eps AG"), headquartered in Frankfurt, Germany. eps AG, with operations in Germany, Romania, the United Kingdom and other European locations, offers electronic payment and complementary solutions focused largely in the German market. The acquisition of eps AG will provide us additional opportunities to sell our value added solutions, such as Proactive Risk Manager and Smart Chip Manager, into the German marketplace, as well as to sell eps AG's testing and dispute management solutions into markets beyond Germany. In addition, eps AG's presence in Romania will help us more rapidly develop our global offshore development and support capabilities.

On September 29, 2006, we completed the acquisition of P&H Solutions, Inc. ("P&H"). P&H is a leading provider of enterprise business banking solutions and complements our existing business. The acquisition of P&H will extend our wholesale payments solutions suite, provide us with an Application Software Provider ("ASP")-based offering and allow us to distribute P&H's solutions into international markets through our global distribution channel.

On February 7, 2007, we acquired Visual Web Solutions, Inc. ("Visual Web"). Visual Web markets trade finance and web-based cash management solutions, primarily to financial institutions in the Asia-Pacific region.

On April 2, 2007, we acquired Stratasoft Sdn. Bhd ("Stratasoft"). Stratasoft is 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 OCM24 product within the Malaysian market since 1995.

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 processing services 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 processing services, are not assumed to renew over the 60-month backlog period.
- The potential impact of merger activity within our markets and/or customers is not reflected in the computation of 60-month backlog.

The following table sets forth our 60-month backlog estimate, by geographic region, as of June 30, 2007, March 31, 2007, December 31, 2006, and September 30, 2006 (in millions):

	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Americas	$ 653	$ 643	$ 644	$ 671
EMEA	485	474	444	433
Asia/Pacific	132	127	125	122
	$ 1,270	$ 1,244	$ 1,213	$ 1,226

We also estimate 12-month backlog, segregated between monthly recurring and non-recurring revenues, using a methodology consistent with the 60-month 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 12-month backlog estimates 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 June 30, 2007, March 31, 2007, December 31, 2006, and September 30, 2006 (in millions):

	June 30, 2007		
	Monthly Recurring	Non-Recurring	Total
Americas	$ 121	$ 35	$ 156
EMEA	70	57	127
Asia/Pacific	25	8	33
	$ 216	$ 100	$ 316

	March 31, 2007		
	Monthly Recurring	Non-Recurring	Total
Americas	$ 122	$ 35	$ 157
EMEA	68	53	121
Asia/Pacific	24	5	29
	$ 214	$ 93	$ 307

	December 31, 2006		
	Monthly Recurring	Non-Recurring	Total
Americas	$ 122	$ 36	$ 158
EMEA	68	38	106
Asia/Pacific	24	5	29
	$ 214	$ 79	$ 293

	September 30, 2006		
	Monthly Recurring	Non-Recurring	Total
Americas	$ 122	$ 32	$ 154

EMEA	67	39	106
Asia/Pacific	23	6	29
	$ 212	$ 77	$ 289

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

Third Quarter of Fiscal 2007 vs. Third Quarter of Fiscal 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 June 30, 2007	Three Months Ended June 30, 2006	% Change	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
				As a% of total revenues	
		(Restated)			(Restated)
Revenues:					
Initial license fees (ILFs)	$ 25,379	$ 24,222	4.8%	25.9%	28.6%
Monthly license fees (MLFs)	15,541	17,733	(12.4)%	15.8%	20.9%
Software license fees	40,920	41,955	(2.5)%	41.7%	49.5%
Maintenance fees	31,287	25,989	20.4%	31.9%	30.7%
Services	25,902	16,820	54.0%	26.4%	19.8%
Total revenues	98,109	84,764	15.7%	100.0%	100.0%
Expenses:					
Cost of software license fees	9,932	7,895	25.8%	10.1%	9.3%
Cost of maintenance and services	26,789	19,385	38.2%	27.3%	22.9%
Research and development	13,422	10,191	31.7%	13.7%	12.0%
Selling and marketing	16,894	15,896	6.3%	17.2%	18.8%
General and administrative	26,190	15,877	65.0%	26.7%	18.7%
Total expenses	93,227	69,244	34.6%	95.0%	81.7%
Operating income	4,882	15,520	(68.5)%	5.0%	18.3%
Other income (expense):					
Interest income	940	1,641	(42.7)%	1.0%	1.9%
Interest expense	(1,431)	(10)	#	(1.5)%	(0.0)%
Other, net	(1,533)	(227)	#	(1.6)%	(0.3)%
Total other income (expense)	(2,024)	1,404	#	(2.1)%	1.7%
Income (loss) before income taxes	2,858	16,924	(83.1)%	2.9%	20.0%
Income tax (benefit) provision	(5,581)	5,605	#	(5.7)%	6.6%
Net income (loss)	$ (2,723)	$ 22,529	#	(2.8)%	26.6%

- Denotes a variance of more than 100%.

The sum of the amounts and percentages may not equal the totals for the period due to the effects of rounding.

Revenues

Total revenues for the third quarter of fiscal 2007 increased $13.3 million, or 15.7%, as compared to the corresponding period of fiscal 2006. Included in the third quarter of fiscal 2007 and fiscal 2006 was approximately $13.4 million and $0.4 million, respectively, of revenue related to acquired businesses. Excluding the impact of the acquired businesses, total revenues increased primarily as a result of a $1.9 million, or 7.2% increase in maintenance fee revenues, and a $1.2 million, or 7.3%, increase in services revenues offset by a $2.8 million, or 6.6%, decrease in software license fee revenues. .

The decrease in software license fee revenues, excluding the impact of acquired businesses, during the third quarter of fiscal 2007, as compared to the corresponding period of fiscal 2006 is attributable to a decline in monthly license fees, which was impacted by the mix of sales in the quarter primarily in the Americas reportable operating segment.

The increase in maintenance fee revenues, excluding the impact of acquired businesses, during the third quarter of fiscal 2007, as compared to the corresponding period of fiscal 2006, is primarily the result of an increase in the overall installed base in the EMEA reportable operating segment, and, to a lesser extent, in the Asia-Pacific reportable operating segment.

The increase in services revenues, excluding the impact of acquired businesses, for the third quarter of fiscal 2007, as compared to the third quarter of fiscal 2006, resulted primarily from increased activity in the EMEA reportable operating segment, specifically relating to customer transactions in the United Kingdom and the Netherlands. Services revenue was also positively impacted by a $0.5 million increase in project-related expense reimbursed by customers during the quarter.

Expenses

Total operating expenses for the third quarter of fiscal 2007 increased $24.0 million, or 34.6%, as compared to the same period of fiscal 2006. Included in the third quarter of fiscal 2007 and fiscal 2006 was approximately $15.8 million and $1.0 million, respectively, of operating expenses related to acquired businesses. Additionally, there were approximately $4.7 million of costs incurred in the third quarter of fiscal 2007 related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and efforts to become current with our filings with the SEC.

Excluding the impact of the acquired businesses, total expenses increased primarily as a result of a $7.8 million, or 49.7%, increase in general and administrative costs, a $3.0 million, or 15.7%, increase in maintenance and services costs, partially offset by a $0.5 million, or 6.5%, decrease in the cost of software license fees, and a $0.8 million, or 5.3%, decrease in selling and marketing costs. Research and development ("R&D") costs decreased $0.3 million or 2.7% when compared to the same period of fiscal 2006.

The decrease in the cost of software license fees for the third quarter of fiscal 2007, as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, was a direct result of a change in product mix in the Americas operating segment and a decrease in fees incurred related to consulting fees.

Cost of maintenance and services for the third quarter of fiscal 2007 increased as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, primarily as a result of an increase in headcount due to an increased focus on service activities. In the EMEA reportable operating segment, increased services revenue recognition during the quarter also led to a significant release of deferred expenses into the current quarter.

R&D costs for the third quarter of fiscal 2007 decreased slightly as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, resulting from decreased headcount as a result of more of an emphasis on service activities versus development activities partially offset by expenses incurred related to the transition of R&D activities to low cost countries.

The decrease in selling and marketing costs for the third quarter of fiscal 2007 as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, was a result of sales productivity initiatives and a decrease in advertising and promotion costs due to the timing of certain marketing events and trade shows. This was partially offset by an increase in travel and entertainment expenses related to customer projects.

Approximately $4.7 million of the increase in general and administrative costs during the third quarter of fiscal 2007, as compared to the same period of fiscal 2006, excluding the impact of the acquired businesses, was due to expenses incurred related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and efforts to become current with our filings with the SEC. The remaining increase is the result of severance-related charges of $2.2 million, infrastructure investment of $0.7 million, and an increase in depreciation and amortization expense of $0.5 million.

Other Income and Expense

Interest income for the third quarter of fiscal 2007 decreased $0.7 million, or 42.7%, as compared to the corresponding period of fiscal 2006. The primary reason for the decrease in interest income is due to a decrease in interest bearing assets in the third quarter of fiscal 2007 as compared to the corresponding period of fiscal 2006, due to acquisitions activity and share repurchase programs.

Interest expense for the third quarter of fiscal 2007 increased $1.4 million as compared to the same period of fiscal 2006. The increase is attributable to $75 million of borrowings under the revolving credit facility used to fund the purchase of P&H in the

fourth quarter of fiscal 2006.

Other income and expense consists of foreign currency gains and losses and other non-operating items.

Income Taxes

During the interim periods ended December 31, 2006 and March 31, 2007, the Company estimated an annual effective tax rate for the fiscal year ending September 30, 2007. Calculating the estimated annual effective tax rate requires the Company to estimate annual pre-tax income by tax jurisdiction and annual ordinary income. The annual effective tax rate is revised, if necessary, at the end of each interim period based upon the Company's most current best estimate. During September 2007, the Company revised its estimate of the amount of total income and the allocation of income among tax jurisdictions in which the income is expected to occur for the year ending September 30, 2007. The revised annual effective tax rate was significantly impacted as a result of these changes in the revised projections.

In accordance with FASB Interpretation No. 18, Accounting for Income Taxes in Interim Periods, (FIN 18), the Company discontinued the use of an annual effective tax rate and estimated an actual effective tax rate for the year-to-date period ended June 30, 2007. The effective tax rate for the three months ended June 30, 2007 was 195%. The significant increase in the effective tax rate for the three months ended June 30, 2007 as compared to the first two interim periods in the year ending September 30, 2007 was primarily the result of losses incurred in foreign jurisdictions where the Company is unable to recognize a tax benefit and the fixed nature of certain tax charges associated with the transfer of certain intellectual property rights out of the United States as compared to the lower estimated pre-tax income.

The effective tax rate for the third quarter of fiscal 2007 was 195.3% which was higher than the effective tax benefit rate of 33.1% we reported for the third quarter of 2006, primarily due to the increased losses in foreign jurisdictions where we are unable to recognize a tax benefit and the recognition of tax expense associated with transfer of certain intellectual property rights out of the United States.

First Nine Months of Fiscal 2007 vs. First Nine Months of Fiscal 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):

	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006 (Restated)	% Change	As a% of total revenues 2007	As a% of total revenues 2006 (Restated)
Revenues:					
Initial license fees (ILFs)	$ 74,587	$ 80,783	(7.7)%	26.5%	31.1%
Monthly license fees (MLFs)	46,042	52,294	(12.0)%	16.4%	20.1%
Software license fees	120,629	133,077	(9.4)%	42.9%	51.2%
Maintenance fees	89,917	76,053	18.2%	32.0%	29.3%
Services	70,800	50,542	40.1%	25.2%	19.5%
Total revenues	281,346	259,672	8.3%	100.0%	100.0%
Expenses:					
Cost of software license fees	31,336	22,335	40.3%	11.1%	8.6%
Cost of maintenance and services	74,287	59,332	25.2%	26.4%	22.8%
Research and development	37,448	29,921	25.2%	13.3%	11.5%
Selling and marketing	51,843	48,437	7.0%	18.4%	18.7%
General and administrative	76,374	48,410	57.8%	27.1%	18.6%
Total expenses	271,288	208,435	30.2%	96.4%	80.3%
Operating income	10,058	51,237	(80.4)%	3.6%	19.7%
Other income (expense):					
Interest income	2,839	6,154	(53.9)%	1.0%	2.4%
Interest expense	(4,488)	(126)	#	(1.6)%	(0.0)%
Other, net	(2,163)	(239)	#	(0.8)%	(0.1)%
Total other income (expense)	(3,812)	5,789	#	(1.4)%	2.2%
Income before income taxes	6,246	57,026	(89.0)%	2.2%	22.0%
Income tax provision	(6,762)	(4,321)	56.5%	(2.4)%	(1.7)%
Net income (loss)	$ (516)	$ 52,705	#	(0.2)%	20.3%

- Denotes a variance of more than 100%.
The sum of the amounts and percentages may not equal the totals for the period due to the effects of rounding.

Revenues

Total revenues for the first nine months of fiscal 2007 increased $21.7 million, or 8.3%, as compared to corresponding period of fiscal 2006. Included in the first nine months of fiscal 2007 and fiscal 2006 was approximately $32.3 million and $0.4 million, respectively, of revenue related to acquired businesses. Excluding the impact of the acquired businesses, total revenues decreased primarily as a result of a $15.7 million, or 11.8%, decrease in software license fee revenues, partially offset by a $0.2 million, or 0.4% increase in services revenue, and a $5.3 million, or 6.9%, increase in maintenance fee revenues.

The decrease in software license fee revenues, excluding the impact of acquired businesses, during the first nine months of fiscal 2007, as compared to the corresponding period of fiscal 2006 is attributable to a decline in initial license fees, which was impacted by the mix of sales in the period and the timing of revenue recognition primarily in the EMEA reportable operating segment. The sales mix and revenue timing in the period has the corresponding effect of increased backlog and, to the extent that customers were billed, increasing deferred revenue, in the period. Additionally, as contracts are renewed, the timing of revenue recognition differs from historical patterns, which is driving a decline in monthly license fees.

The increase in maintenance fee revenues, excluding the impact of acquired businesses, during the first nine months of fiscal 2007, as compared to the corresponding period of fiscal 2006, is primarily the result of an increase in the overall installed base in the EMEA and Asia-Pacific reportable operating segments.

The increase in services revenues, excluding the impact of acquired businesses, for the first nine months of fiscal 2007, as compared to the corresponding period of fiscal 2006, was due to an increase in activity in the EMEA and Asia Pacific reportable operating segments as well as increased project-related travel reimbursed by customers, partially offset by decreased activity in the Americas reportable operating segment.

Expenses

Total operating expenses for the first nine months of fiscal 2007 increased $62.9 million, or 30.2%, as compared to the same period of fiscal 2006. Included in the first nine months of fiscal 2007 and fiscal 2006 approximately $46.5 million and $1.0 million, respectively, of operating expenses related to acquired businesses. Additionally, there were approximately $13.3 million of costs incurred related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and working towards becoming current with our filings with the SEC in the first nine months of fiscal 2007.

Excluding the impact of the acquired businesses, total expenses increased primarily as a result of a $18.9 million, or 39.1%, increase in general and administrative costs, a $2.6 million, or 4.4%, increase in maintenance and services costs, a $0.6 million, or 2.7%, increase in the cost of software license fees, partially offset by a $3.3 million, or 6.8%, decrease in selling and marketing costs, and a $1.3 million, or 4.5% decrease in R&D costs.

Cost of software license fees for the first nine months of fiscal 2007 increased as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, as a direct result of an increase in distribution costs in the Asia-Pacific reportable operating segment and the timing of the release of deferred expenses as compared to the prior year in the Americas reportable operating segment.

The increase in the cost of maintenance and services for the first nine months of fiscal 2007 as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, was primarily driven by the reallocation of human resources from R&D to service activities.

The decrease in R&D costs for the first nine months of fiscal 2007 as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, resulted from a reallocation of resources from development to service activities, partially offset by expense related to the transition of R&D activities to low cost countries.

The decrease in selling and marketing costs for the first nine months of fiscal 2007 as compared to the corresponding period of fiscal 2006, excluding the impact of the acquired businesses, was a result of sales productivity initiatives, and a decrease in advertising and promotion costs due to the timing of certain marketing events and trade shows in the current period. This was partially offset by an increase in travel and entertainment expenses related to customer projects.

Excluding the impact of the acquired businesses, approximately $13.3 million of the increase in general and administrative costs was due to expenses incurred related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and efforts to become current with our filings with the SEC during the first nine months of fiscal 2007. The remaining increase is the result of severance-related charges of $3.2 million, infrastructure investment of $1.4 million, and an increase in depreciation and amortization expense of $0.9 million.

Other Income and Expense

Interest income for the first nine months of fiscal 2007 decreased $3.3 million, or 53.9%, as compared to the corresponding period of fiscal 2006. The primary reason for the decrease in interest income is due to $2.0 million of interest income related to a tax refund recorded in the first nine months of fiscal 2006 that did not recur in fiscal 2007 and a decrease in interest bearing assets in the first nine months of fiscal 2007 as compared to the corresponding period of fiscal 2006.

Interest expense for the first nine months of fiscal 2007 increased $4.4 million as compared to the same period of fiscal 2006. The increase is primarily attributable to $75 million of borrowings under the revolving credit facility used to fund the purchase of P&H in the fourth quarter of fiscal 2006.

Other income and expense consists of foreign currency gains and losses and other non-operating items, including a gain of $0.4 million related to the transfer of assets under a contractual arrangement in the first nine months of fiscal 2007.

Income Taxes

During the interim periods ended December 31, 2006 and March 31, 2007, the Company estimated an annual effective tax rate for the fiscal year ending September 30, 2007. Calculating the estimated annual effective tax rate requires the Company to estimate annual pre-tax income by tax jurisdiction and annual ordinary income. The annual effective tax rate is revised, if necessary, at the end of each interim period based upon the Company's most current best estimate. During September 2007, the Company revised its estimate of the amount of total income and the allocation of income among tax jurisdictions in which the income is expected to occur for the year ending September 30, 2007. The revised annual effective tax rate was significantly impacted as a result of these changes in the revised projections.

In accordance with FASB Interpretation No. 18, Accounting for Income Taxes in Interim Periods, (FIN 18), the Company discontinued the use of an annual effective tax rate and estimated an actual effective tax rate for the year-to-date period ended June 30, 2007. The effective tax rate for the three months ended June 30, 2007 was 195%. The significant increase in the effective tax rate for the three months ended June 30, 2007 as compared to the first two interim periods in the year ending September 30, 2007 was primarily the result of losses incurred in foreign jurisdictions where the Company is unable to recognize a tax benefit and the fixed nature of certain tax charges associated with the transfer of certain intellectual property rights out of the United States as compared to the lower estimated pre-tax income.

During the first nine months of fiscal 2007 our effective tax rate of 108.3% which was positively impacted primarily by a U.S. tax law change during the period that extended the research and development tax credit as well as a release of a tax contingency reserve that was no longer necessary. Our effective tax rate is higher than statutory rates primarily due to the increased losses in foreign jurisdictions where we are unable to recognize a tax benefit and the recognition of tax expense associated with the transfer of certain intellectual property rights out of the U.S. The effective tax rate for the first nine months of fiscal 2007 was higher than the effective tax rate of 7.6% we reported for the first nine months of fiscal 2006, primarily due to the release of tax contingency reserves and other accruals related to the conclusion and settlement of a U.S. tax audit in the first nine months of fiscal 2006 combined with increased losses in foreign jurisdictions where we are unable to recognize a tax benefit during fiscal 2007, combined with the release of tax contingency reserves and other accruals related to the conclusion and settlement of a U.S. tax audit in fiscal 2006.

Segment Results

The following table presents revenues and operating income for the periods indicated by reportable operating segment. The prior period amounts for operating income have been reclassified to conform to current period presentation which reflect a change in the allocation of corporate and certain global support costs (in thousands):

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Nine Months Ended June 30, 2007	Nine Months Ended June 30, 2006
Revenues:				
Americas	$ 52,253	$ 47,033	$ 152,022	$ 134,562
EMEA	36,548	29,684	102,848	100,704
Asia/Pacific	9,308	8,047	26,476	24,406
	$ 98,109	$ 84,764	$ 281,346	$ 259,672
Operating income (loss):				
Americas	6,992	14,011	14,887	36,865
EMEA	(3,316)	(467)	(9,392)	8,871
Asia/Pacific	1,206	1,976	4,563	5,501
	$ 4,882	$ 15,520	$ 10,058	$ 51,237

For the third quarter of fiscal 2007 compared to the corresponding period of fiscal 2006, revenues increased in the Americas reportable operating segment by $5.2 million, or 11.1%, increased in the EMEA reportable operating segment by $6.9 million, or 23.1%, and increased in the Asia/Pacific reportable operating segment by $1.3 million, or 15.7%.

For the third quarter of fiscal 2007 compared to the corresponding period of fiscal 2006, operating income (loss) decreased in the Americas reportable operating segment by $7.0 million, or 50.1%, in the EMEA reportable operating segment by $2.8 million, or 610.1%, and in the Asia/Pacific reportable operating segment by $0.8 million, or 39.0%. The decreases in operating income (loss) in the EMEA, Asia/Pacific, and Americas reportable operating segments are primarily due to expenses related to acquired

businesses as well as the costs incurred related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and efforts to become current with our filings with the SEC in the third quarter of fiscal 2007.

For the first nine months of fiscal 2007 compared to the corresponding period of fiscal 2006, revenues increased in the Americas reportable operating segment by $17.5 million, or 13.0%, increased in the EMEA reportable operating segment by $2.1 million, or 2.1%, and increased in the Asia/Pacific reportable operating segment by $2.1 million, or 8.5%.

For the first nine months of fiscal 2007 compared to the corresponding period of fiscal 2006, operating income (loss) decreased in the Americas reportable operating segment by $22.0 million, or 59.6%, in the EMEA reportable operating segment by $18.3 million, or 205.9%, and in the Asia/Pacific reportable operating segment by $0.9 million, or 17.1%. The decreases in operating income (loss) in the EMEA, Asia/Pacific, and Americas reportable operating segments are primarily due to expenses related to acquired businesses as well as the costs incurred related to the historical stock option review, preparation of restated historical financial information, cash settlement of vested options, and efforts to become current with our filings with the SEC in the first nine months.

Revenues and expenses resulting from the acquisition of P&H are included in the Americas reportable operating segment, while revenues and expenses related to eps AG are primarily included in the EMEA reportable operating segment for the quarter and nine months ended June 30, 2007. Revenues and expenses related to Visual Web are primarily included in the Asia/Pacific reportable operating segment for the quarter and nine months ended June 30, 2007. Revenues and expenses related to Stratasoft are primarily included in the Asia/Pacific reportable operating segment for the quarter ended June 30, 2007.

Liquidity and Capital Resources

As of June 30, 2007, our principal sources of liquidity consisted of $90.0 million in cash and cash equivalents and $75.0 million of unused borrowings under our revolving credit facility. We had bank borrowings of $75.0 million outstanding under our revolving credit facility as of June 30, 2007. During the fourth quarter, we entered in to an amendment to our Credit Agreement with Wachovia Bank which amended the definition of consolidated EBITDA, as it relates to the calculation for our debt covenants, to exclude certain non recurring items.

On July 18, 2007 we entered into an interest rate swap with a commercial bank whereby we pay a fixed rate of 5.375% and receive 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 re-prices quarterly.

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.

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 $80.0 million of our common stock. In May 2006, our board of directors approved an increase of $30.0 million to the stock repurchase program, bringing the total of the approved plan to $110.0 million. In March 2007, our board of directors approved an increase of $100.0 million to our current repurchase authorization for purchases of common stock, bringing the total authorization to $210.0 million, of which approximately $117.3 million remained available as of June 30, 2007. During the first nine months of fiscal 2007, we repurchased 565,834 shares of our common stock at an average price of $34.02 per share under this stock repurchase program.

Under the program through June 30, 2007, we have purchased approximately 3.3 million shares for approximately $92.7 million. In June 2007, we implemented the previously announced increase to our share repurchase program. Purchases are made from time to time as market and business conditions warrant, in open market, negotiated or block transactions, subject to applicable laws, rules and regulations. Subsequent to June 30, 2007 through September 20, 2007, the Company has purchased 934,920 shares at an average price of $27.42 per share.

We have incurred an additional $5.7 million in cash outlays subsequent to June 30, 2007 for the settlement of vested options that optionees were unable to exercise due to the suspension of option exercises during the period for which we were not current with our filings with the SEC and which would otherwise have expired.

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.

Changes in operating assets and liabilities excluded increases in balances from acquired businesses as a result of the various acquisitions.

Net cash flows provided by operating activities in the first nine months of fiscal 2007 amounted to $26.3 million as compared to net cash flows provided by operating activities of $47.7 million during the same period of fiscal 2006. The comparative period decrease in net cash flows from operating activities of $21.4 million was principally the result of the following items: decreased net income of $53.2 million, the payment of $10.5 million for P&H acquisition-related compensation charges, the payment of a class action litigation settlement of $8.5 million in the first quarter of fiscal 2007, $9.5 million in payments for professional fees and other costs incurred related to the historical stock option review, preparation of restated financial information. and working towards becoming current with our filings with the SEC in the first nine months of fiscal 2007 and the receipt of a cash refund of $10.9 million related to the settlement of the IRS audit of tax years 1997 through 2003 during the first nine months of fiscal 2006. These items were partially offset by increased cash collections on customer receivables and higher deferred revenues in the first nine months of fiscal 2007 as compared to the same period of fiscal 2006 of $31.3 million, increased non-cash expenses of $31.7 million, such as depreciation, amortization and deferred taxes, and increased accruals for other expenses of $8.2 million. Increased revenues and backlog from 2006 to 2007 have resulted in increased deferred revenues due to changes in the mix and timing of revenue recognition as contracts are renewed. The 2006 and 2007 acquisitions have increased accrued expenses due to the volume of expenses and increased depreciation and amortization due to the intangibles and fixed assets related to the acquisitions.

Net cash flows used in investing activities totaled $27.1 million in the first nine months of fiscal 2007 as compared to $13.6 million used in investing activities during the same period of fiscal 2006. During the first nine months of fiscal 2007, we used cash of $6.2 million to pay costs related to the second closing of the purchase of eps AG, $0.6 million related to the P&H acquisition, $8.3 million for the acquisition of Visual Web, $2.4 million for the acquisition of Stratasoft, and other direct acquisition costs. We also used cash of $7.6 million to purchase software, property and equipment, and $2.5 million to purchase marketable securities. During the first nine months of fiscal 2006, we used cash of $50.9 million to increase our holding of marketable securities and $5.5 million to purchase software, property and equipment.

Net cash flows used in financing activities totaled $21.6 million in the first nine months of fiscal 2007 as compared to $12.8 million used in financing activities during the same period of fiscal 2006. In the first nine months of fiscal 2007 and fiscal 2006, we used cash of $19.2 million and $24.7 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 $2.4 million and $2.9 million during the first nine months of fiscal 2007 and 2006, respectively. In the first nine months of fiscal 2006, we received proceeds of $13.9 million, including corresponding excess tax benefits, from the exercises of stock options.

We realized a $2.1 million increase in cash during the first nine months of fiscal 2007 and a $3.4 million increase in cash during the first nine months of fiscal 2006 related to foreign exchange rate variances.

We believe that our existing sources of liquidity, including cash on hand, the availability under our existing credit facility, and cash provided by operating activities, will satisfy our projected liquidity requirements, which primarily consists of working capital requirements, for the foreseeable future.

Critical Accounting Policies and Estimates

This disclosure is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these 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.

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 postcontract 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.

Revenues from newer products are typically recognized upon acceptance or first production use by the customer whereas revenues from mature products 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.

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.

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.

Valuation of 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 June 30, 2007 and September 30, 2006, our goodwill and other intangible assets, net of

accumulated amortization, were $244 million and $234 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.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"), we assess goodwill for impairment at least annually. During this assessment, which is completed as of the end of the fiscal year, management relies on a number of factors, including operating results, business plans and anticipated future cash flows. We assess 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.

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

Share-based Compensation

Effective October 1, 2005 we began recording compensation expense associated with share-based awards in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004), Share-Based Payment ("SFAS No. 123(R)"). We adopted the modified prospective transition method provided for under SFAS No. 123(R), and consequently have not retroactively adjusted results from prior periods. Under this transition method, beginning in fiscal 2006, compensation cost associated with share-based awards includes (1) amortization related to the remaining unvested portion of share-based awards granted prior to September 30, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123; and (2) amortization related to share-based awards granted subsequent to September 30, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

Under the provisions of SFAS No. 123(R), share-based compensation cost for stock option awards, with vesting based on service criteria only, 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 share-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 will be revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Black-Scholes 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, share-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 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") are earned based on the achievement, over a three year period, of performance goals related to certain performance indicators. 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.

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. It is possible that either domestic or foreign taxing authorities could challenge those judgments and estimates 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.

During the interim periods ended December 31, 2006 and March 31, 2007, the Company estimated an annual effective tax rate for the fiscal year ending September 30, 2007. Calculating the estimated annual effective tax rate requires the Company to estimate annual pre-tax income by tax jurisdiction and annual ordinary income. The annual effective tax rate is revised, if necessary, at the end of each interim period based upon the Company's most current best estimate. During September 2007, the Company revised its estimate of the amount of total income and the allocation of income among tax jurisdictions in which the income is expected to occur for the year ending September 30, 2007. The revised annual effective tax rate was significantly impacted as a result of these changes in the revised projections. In accordance with FASB Interpretation No. 18, Accounting for Income Taxes in Interim Periods, (FIN 18), the Company discontinued the use of an annual effective tax rate and estimated an actual effective tax rate for the year-to-date period ended June 30, 2007.

Recent Accounting Standards

Recently Adopted Accounting Standards

We adopted Statement of Financial Accounting Standards ("SFAS") No. 154, *Accounting Changes and Error Corrections*, which supersedes APB 20, *Accounting Changes*, and SFAS 3, *Reporting Accounting Changes in Interim Financial Statements,* as of October 1, 2006. SFAS No. 154 changes the method for reporting an accounting change. Under SFAS No. 154, accounting changes must be retrospectively applied to all prior periods whose financial statements are presented, unless the change in accounting principle is due to a new pronouncement that provides other transition guidance or unless application of the retrospective method is impracticable. Under the retrospective method, companies will no longer present the cumulative effect of a change in accounting principle in their statement of operations for the period of the change. SFAS No. 154 carries forward unchanged APB 20's guidance for reporting corrections of errors in previously issued financial statements and for reporting changes in accounting estimates. The adoption of SFAS No. 154 had no impact on our financial statements as there have been no accounting changes during the first nine months of fiscal 2007.

We adopted EITF Issue No. 06–3, How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation) ("EITF No. 06-3") as of January 1, 2007. EITF No. 06–3 requires the disclosure of the Company's accounting policy regarding its gross or net presentation of externally imposed taxes on revenue producing transactions in the notes to the consolidated financial statements. EITF No. 06–3 is effective for the first annual or interim reporting period beginning after December 15, 2006. No additional disclosures are required since our policy is to present revenues net of any taxes collected from customers.

Recently Issued Accounting Standards

In June 2005, the FASB issued FASB Staff Position No. ("FSP") FAS 143-1, *Accounting for Electronic Equipment Waste Obligations*. FSP FAS 143-1 addresses the accounting for obligations associated with Directive 2002/96/EC on Electrical and Electronic Equipment (the "Directive") adopted by the European Union ("EU"). FSP FAS 143-1 is effective the later of the Company's fiscal 2006 or the date that an EU member country in which the Company might have an obligation adopts the Directive. To date, the adoption of FSP FAS 143-1 in those countries which have already adopted the Directive has not had a material effect on our financial position, results of operations or cash flows and we do not expect the adoption of FSP FAS 143-1 by countries in the future to have a material effect on our financial position, results of operations or cash flows.

In June 2006, the FASB ratified EITF No. 06-2 *Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43, Accounting for Compensated Absences* ("EITF No. 06-2"). EITF No. 06-2 provides guidelines

under which sabbatical leave or other similar benefits provided to an employee are considered to accumulate, as defined in FASB Statement 43. If such benefits are deemed to accumulate, then the compensation cost associated with a sabbatical or other similar benefit arrangement should be accrued over the requisite service period. The provisions of this Issue are effective fiscal years beginning after December 15, 2006 and allow for either retrospective application or a cumulative effect adjustment to accumulated deficit approach upon adoption. We do not expect that the adoption of EITF No. 06-2 will have a material effect on our consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. ("FIN") 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ("FIN 48"), which establishes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. FIN 48 is effective for our fiscal years beginning after December 15, 2006. We are currently evaluating the impact that this interpretation will have on our financial condition and/or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS No. 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS No. 157 is effective for our 2009 fiscal year, although early adoption is permitted. We are currently assessing the potential effect, if any, of SFAS No. 157 on our consolidated financial statements.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"). SAB 108 was issued in order to eliminate the diversity in practice surrounding how public companies quantify financial statement misstatements. SAB 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. SAB 108 must be implemented by the end of our fiscal 2007. We are currently assessing the potential effect of SAB 108 on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an Amendment of FASB Statements No. 87, 88, 106 and 132(R)* ("SFAS No. 158"). SFAS No. 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize the changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for the Company as of the end of our fiscal 2007. We do not expect the adoption of SFAS No. 158 to significantly affect our consolidated financial statements.

In February 2007, the FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115* ("FAS 159"). FAS 159 permits an entity to elect fair value as the initial and subsequent measurement attribute for many financial assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value in earnings. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. FAS 159 is effective for our fiscal year 2008. The adjustment to reflect the difference between the fair value and the carrying amount would be accounted for as a cumulative-effect adjustment to retained earnings as of the date of initial adoption. We are currently evaluating the impact, if any, of FAS 159 on our consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk for the three months ended June 30, 2007. 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. 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 June 30, 2007, and if we maintained this level of similar cash investments for a period of one year, a hypothetical ten percent increase or decrease in interest rates would increase or decrease interest income by approximately $0.3 million annually.

Based on our debt balances at June 30, 2007, and if we maintained this level of debt for a period of one year, a hypothetical ten percent (approximately 60 basis point) increase or decrease in interest rates would increase or decrease interest expense by approximately $0.5 million annually.

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. The swap effective date was July 20, 2007 and terminates on October 4, 2010. The variable rate re-prices quarterly.

On August 16, 2007 the Company entered into an 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 $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.

Item 4. CONTROLS AND PROCEDURES

Our management, under the supervision of and with the participation of our 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, June 30, 2007. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of that date.

As of September 30, 2006, we identified material weaknesses in internal control over financial reporting related to accounting for non-routine transactions, financial reporting, recognition of revenue and income taxes. A material weakness is defined in Public Company Accounting Oversight Board Auditing Standard No. 2 as a significant deficiency, or a combination of significant deficiencies, in internal control over financial reporting that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with our overall assessment of internal control over financial reporting, we have evaluated the effectiveness of our internal control as of June 30, 2007 and have concluded that the material weaknesses related to accounting for non-routine transactions, financial reporting, recognition of revenue and income taxes were not remediated as of June 30, 2007. The actions taken by management to remediate the material weaknesses are required to be adequately tested to demonstrate they are operating properly in order for us to revise our conclusion regarding the effectiveness of our internal controls over financial reporting. Such testing has not been completed as of the filing of this report on Form 10-Q for the quarter ended June 30, 2007.

Except for the material weaknesses in internal controls over financial reporting as referenced in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006, no other material weaknesses were identified in our evaluation of internal controls as of June 30, 2007.

Changes in Internal Control Over Financial Reporting

Remediation efforts relating to our internal control over financial reporting which have been implemented since September 30, 2006 include 1) establishing detailed project plans to address the above referenced material weaknesses, 2) weekly executive officer review of remediation progress, 3) evaluating our finance organization, talent, processes, and internal controls and 4) improving communications between finance and other constituents involved in the financial closing process. As part of the remediation efforts, we have hired a new Corporate Controller, Vice President of Corporate Tax and Director of Regulatory Reporting. There were no other changes in our internal controls over financial reporting during the quarter ended June 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

While we have implemented or continue to implement our remediation activities, we believe it will take multiple quarters of effective application of the control activities, including adequate testing of such control activities, in order for us to revise our conclusion regarding the effectiveness of our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. 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 us and certain individuals 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 Second Amended Consolidated Class Action Complaint previously alleged that during the purported class period, we and the named defendants misrepresented our historical financial condition, results of operations and our future prospects, and failed to disclose facts that could have indicated an impending decline in our revenues. That Complaint also alleged that, prior to August 2002, the purported truth regarding our financial condition had not been disclosed to the market. We and the individual defendants initially filed a motion to dismiss the lawsuit. In response, on December 15, 2003, the Court dismissed, without prejudice, Gregory Derkacht, our former president and chief executive officer, as a defendant, but denied the motion to dismiss with respect to the remaining defendants, including us.

On July 1, 2004, lead plaintiff filed a motion for class certification wherein, for the first time, lead plaintiff sought to add an additional class representative, Roger M. Wally. On August 20, 2004, defendants filed their opposition to the motion. On March 22, 2005, the Court issued an order certifying the class of persons that purchased our common stock from January 21, 1999 through November 18, 2002.

On January 27, 2006, we and the individual defendants filed a motion for judgment on the pleadings, seeking a dismissal of the lead plaintiff and certain other class members, as well as a limitation on damages based upon plaintiffs' inability to establish loss causation with respect to a large portion of their claims. On February 6, 2006, additional class representative Roger M. Wally filed a motion to withdraw as a class representative and class member. On April 21, 2006, and based upon the pending motion for judgment, a motion to intervene as a class representative was filed by the Louisiana District Attorneys Retirement System ("LDARS"). LDARS previously attempted to be named as lead plaintiff in the case. On July 5, 2006, the Magistrate denied LDARS' motion to intervene, which LDARS appealed to the District Judge.

On May 17, 2006, the Court denied the motion for judgment on the pleadings as being moot based upon the Court's granting lead plaintiff leave to file a Third Amended Complaint ("Third Complaint"), which it did on May 31, 2006. The Third Complaint alleges the same misrepresentations as described above, while simultaneously alleging that the purported truth about our financial condition was being disclosed throughout that time, commencing in April 1999. The Third Complaint sought unspecified damages, interest, fees, and costs.

On June 14, 2006, we and the individual defendants filed a motion to dismiss the Third Complaint pursuant to Rules 8 and 12 of the Federal Rules of Civil Procedure. 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 us or any individual defendant. The settlement provides for an aggregate cash payment of $24.5 million of which, net of insurance, we 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 us 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. We responded to this appeal in accordance with the Court of Appeals' orders and procedures. The appeal has not yet been decided.

Derivative Litigation. On May 16, 2007, Thomas J. Lieven filed a purported stockholder derivative action in the United States District Court for the Southern District of New York. The lawsuit names certain former and current officers, all of the current directors and certain former directors as individual defendants. We are named as a nominal defendant. The plaintiff makes allegations related to our historical stock option granting practices, and asserts claims on behalf of us against the individual defendants under Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9, as well as state law claims for breach of fiduciary duties, abuse of control, gross mismanagement, constructive fraud, waste of corporate assets and unjust enrichment. The plaintiff has informed the court and the defendants that he intends to amend his originally filed complaint. Once filed, the

defendents intend to respond to the amended complaint.

Item 1A. RISK FACTORS

Except for the risk factors set forth below, there have been no material changes to the risk factors disclosed in Item 1A of the Company's Form 10-K for the fiscal year ended September 30, 2006. Additional risks and uncertainties, including risks and uncertainties not presently known to us, or that we currently deem immaterial, could also have an adverse effect on our business, financial condition and/or results of operations. The risk factors set forth below were disclosed in the Form 10-K, but have been updated to provide additional information or updates:

The delay in filing the Form 10-K for the fiscal year ended September 30, 2006, the Quarterly Reports on Form 10-Q for the quarter ended December 31, 2006 and March 31, 2007, and this Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 with the SEC and any failure to satisfy other NASDAQ listing requirements could cause the NASDAQ to commence suspension or delisting procedures with respect to our common stock. [Update]

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 the customer 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 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 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 GAAP financial measure.

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

On May 16, 2007, Thomas J. Lieven filed a purported stockholder derivative action in the United States District Court for the Southern District of New York. The lawsuit names certain former and current officers, all of the current directors and certain former directors as individual defendants. We are named as a nominal defendant. The plaintiff makes allegations related to the our historical stock option granting practices, and asserts claims on behalf of us against the individual defendants under Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9, as well as state law claims for breach of fiduciary duties, abuse of control, gross mismanagement, constructive fraud, waste of corporate assets and unjust enrichment. Additionally, from time to time, we are involved in litigation relating to claims arising out of our operations. The Lieven derivative claim or any other 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information regarding the Company's repurchases of its common stock during the third quarter of fiscal 2007:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Approximate Dollar Value of Shares that may yet be Purchased under the Program (1)
April 1 through April 30, 2007	—	—	—	32,957,000
May 1 through May 31, 2007	—	—	—	32,957,000
June 1 through June 30, 2007	463,100	$ 33.90	463,100	117,256,000
Total Fiscal 2007 Third Quarter Activity	—	—	—	117,256,000

(1) In fiscal 2005, the Company announced that its Board of Directors approved a stock repurchase program authorizing the Company, from time to time as market and business conditions warrant, to acquire up to $80 million of its common stock, and that it intends to use existing cash and cash equivalents to fund these repurchases. In May 2006, the Company's 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, the Company's Board of Directors approved an increase of $100 million to its current repurchase authorization, bringing the total authorization to $210 million, of which approximately $117 million remains available. In June and July 2007, the Company implemented this previously announced increase to its share repurchase program. There is no guarantee as to the exact number of shares that will be repurchased by the Company. Repurchased shares are returned to the status of authorized but unissued shares of common stock. In March 2005, the Company's 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 the Company's Rule 10b5-1 plan, the Company has 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 the Company, through the independent broker, to purchase Company shares at times when the Company 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 the Company's quarterly earnings release. During the first nine months of fiscal 2007, all shares were purchased in open-market transactions.

In addition to the purchases set forth above, pursuant to Rule 10b5-1 plan, the Company has cancelled options to purchase 141,476 shares and incurred cash outlays of approximately $2.4 million, and corresponding expense of $6.9 million, in the first nine months of fiscal 2007 in connection with vested options that optionees were unable to exercise due to the suspension of option exercises during the period for which the Company was not current with its filings with the SEC and which would otherwise have expired as a result of the expiration of the option. The Company has incurred cash outlays subsequent to the third quarter of fiscal 2007 of approximately $5.7 million.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's Annual Meeting of Stockholders was held on July 24, 2007. The matters voted upon at such meeting and the number of shares cast for, against or withheld, and abstained are outlined in the Company's Form 10-Q for the period ended

March 31, 2007.

Item 5. OTHER INFORMATION

Not applicable.

Item 6. EXHIBITS

The following lists exhibits filed as part of this quarterly report on Form 10-Q:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of ACI Worldwide, Inc., dated July 24, 2007, filed with the Secretary of State of Delaware on July 24, 2007. (1)
3.2	Amended and Restated Bylaws of Incorporation of ACI Worldwide, Inc., dated July 24, 2007 (to reflect Company name change only).
10.1*	Separation, Non-Compete, Non-Solicitation and Non-Disclosure Agreement and General Release with Anthony J. Parkinson dated May 10, 2007 (2)

10.2 *		Form of Stock Option Agreement for the Company’s 1999 Stock Option Plan, as amended
10.3 *		Form of Nonqualified Stock Option Agreement — Non-Employee Director for the Company’s 2005 Equity and Performance Incentive Plan, as amended
10.4 *		Form of Nonqualified Stock Option Agreement — Employee for the Company’s 2005 Equity and Performance Incentive Plan, as amended
10.5 *		Form of LTIP Performance Shares Agreement for the Company’s 2005 Equity and Performance Incentive Plan, as amended
10.6*		First Amendment to Employment Agreement between the Company and Philip G. Heasley dated September 5, 2007 (3)
10.7*		Form of Change In-Control Agreement (4)
31.01		Certification of Chief Executive Officer pursuant to SEC Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02		Certification of Chief Financial Officer pursuant to SEC Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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
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

* 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.

(1) Incorporated by reference to Exhibit 3.1 to the registrant’s current report on Form 8-K filed on July 30,, 2007.
(2) Incorporated by reference to Exhibit 10.1 to the registrant’s current report on Form 8-K filed on May 16, 2007.
(3) Incorporated by reference to Exhibit 10.1 to the registrant’s current report on Form 8-K filed September 7, 2007.
(4) Incorporated by reference to Exhibit 10.2 to the registrant’s current report on Form 8-K filed September 7, 2007.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACI WORLDWIDE, INC.
(Registrant)

Date: September 24, 2007

By: /s/ HENRY C. LYONS

Henry C. Lyons
Senior Vice President,
Chief Financial Officer and Chief Accounting Officer
(principal financial officer)

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(4) Incorporated by reference to Exhibit 10.2 to the registrant's current report on Form 8-K filed September 7, 2007.

ACI WORLDWIDE, INC.

AMENDED AND RESTATED BYLAWS

As Adopted and in Effect on March 6, 2007
(Amended July 24, 2007 to reflect Company name change only)

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STOCKHOLDERS MEETINGS

1. Time and Place of Meetings. All meetings of the stockholders for the election of the members of the Board of Directors (the "***Directors***") or for any other purpose will be held at such time and place, within or without the State of Delaware, as may be designated by the Board of Directors of the Company (the "***Board***") or, in the absence of a designation by the Board, the Chairman of the Board (the "***Chairman***"), the Chief Executive Officer, the President or the Secretary, and stated in the notice of meeting. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that meetings of the stockholders shall not be held at any place, but may instead be held by means of remote communications, subject to such guidelines and procedures as the Board may adopt from time to time. The Board may postpone and reschedule any previously scheduled annual or special meeting of the stockholders.

2. Annual Meeting. An annual meeting of the stockholders will be held at such date and time as may be designated from time to time by the Board, at which meeting the stockholders will elect by a plurality vote the Directors, and will transact such other business as may properly be brought before the meeting in accordance with Bylaw 8.

3. Special Meetings. Special meetings of the stockholders may be called only by (i) the Chairman, (ii) the President or (iii) the Secretary within 10 calendar days after receipt of the written request of a majority of the total number of Directors that the Company would have if there were no vacancies (the "***Whole Board***"). Any such request by a majority of the Whole Board must be sent to the Chairman and the Secretary and must state the purpose or purposes of the proposed meeting. Special meetings of holders of the outstanding Preferred Stock of the Company (the "***Preferred Stock***"), if any, may be called in the manner and for the purposes provided in the applicable Preferred Stock Designation (as defined in the certificate of incorporation of the Company, as amended from time to time (the "***Certificate of Incorporation***")).

4. Notice of Meetings. Written notice of every meeting of the stockholders, stating the place, if any, date and time thereof, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be given not less than 10 nor more than

60 calendar days before the date of the meeting to each stockholder of record entitled to vote at such meeting, except as otherwise provided herein or by law. When a meeting is adjourned to another place, date, or time, written notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned

meeting, written notice of the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting must be given in conformity herewith. At any adjourned meeting, any business may be transacted which properly could have been transacted at the original meeting.

5. Inspectors for Stockholder Meetings. The Board may appoint one or more inspectors of election to act as judges of the voting and to determine those entitled to vote at any meeting of the stockholders, or any adjournment thereof, in advance of such meeting. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of the meeting may appoint one or more substitute inspectors.

6. Quorum. Except as otherwise provided by law or in a Preferred Stock Designation, the holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at all meetings of the stockholders for the transaction of business thereat. If, however, such quorum is not present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

7. Voting; Proxies. Except as otherwise provided by law, by the Company's Certificate of Incorporation, or in a Preferred Stock Designation, each stockholder will be entitled at every meeting of the stockholders to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the Company on the record date for the meeting and such votes may be cast either in person or by proxy. Every proxy must be authorized in a manner permitted by Section 212 of the Delaware General Corporation Law (or any successor provision). Without affecting any vote previously taken, a stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person, by revoking the proxy by giving notice to the Secretary of the Company, or by a later appointment of a proxy. The vote upon any question brought before a meeting of the stockholders may be by voice vote, unless otherwise required by the Certificate of Incorporation or these Bylaws or unless the Chairman or the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting otherwise determine. Every vote taken by written ballot will be counted by the inspectors of election. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter and which has actually been voted (the "***Voting Stock***") will be the act of the stockholders, except in the election of Directors or as otherwise provided in these Bylaws, the Certificate of Incorporation, a Preferred Stock Designation, or by law.

8. Order of Business.

(a) The Chairman, or such other officer of the Company designated by a majority of the Whole Board, will call meetings of the stockholders to order and will act as presiding officer thereof. Unless otherwise determined by the Board prior to the meeting, the presiding officer of the meeting of the stockholders will also determine the order of business and have the authority in his or her sole discretion to regulate the conduct of any such meeting, including without limitation by imposing restrictions on the persons (other than stockholders of the Company or their duly appointed proxies) that may attend any such stockholders' meeting, by ascertaining whether any stockholder or his proxy may be excluded from any meeting of the stockholders based upon any determination by the presiding officer, in his sole discretion, that any such person has disrupted or is likely to disrupt the proceedings thereat, and by determining the circumstances in which any person may make a statement or ask questions at any meeting of the stockholders.

(b) At an annual meeting of the stockholders, only such business will be conducted or considered as is properly brought before the annual meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of the annual meeting (or any supplement thereto) given by or at the direction of the Board in accordance with Bylaw 4, (ii) otherwise properly brought before the annual meeting by the presiding officer or by or at the direction of a majority of the Whole Board, or (iii) otherwise properly requested to be brought before the annual meeting by a stockholder of the Company in accordance with Bylaw 8(c).

(c) For business to be properly requested by a stockholder to be brought before an annual meeting, (i) the stockholder must be a stockholder of the Company of record at the time of the giving of the notice for such annual meeting provided for in these Bylaws, (ii) the stockholder must be entitled to vote at such meeting, (iii) the stockholder must have given timely notice thereof in writing to the Secretary and (iv) if the stockholder, or the beneficial owner on whose behalf any business is brought before the meeting, has provided the Company with a Proposal Solicitation Notice, as that term is defined in this Bylaw 8(c), such stockholder or beneficial owner must have delivered a proxy statement and form of proxy to the holders of at the least the percentage of shares of the Company entitled to vote required to approve such business that the stockholder proposes to bring before the annual meeting and included in such materials. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 calendar days prior to or delayed by more than 30 calendar days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public disclosure of the date of such meeting is first made. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. A stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting (A) a description in reasonable detail of the business desired to brought before the annual meeting and the reasons for conducting such business at the annual meeting, (B) the name and address, as they appear on the Company's books, of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (C) the class and series and number of shares of capital stock of the Company that are owned beneficially and of record by the stockholder proposing such business and by the beneficial owner, if any, on whose behalf the proposal is made, (D) a description of all arrangements or understandings among such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (E) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote required to approve the proposal (an affirmative statement of such intent, a "***Proposal Solicitation Notice***"), and (F) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the annual meeting. Notwithstanding the foregoing provisions of this Bylaw 8(c), a stockholder must also comply with all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (the "***Exchange Act***") with respect to matters set forth in this Bylaw 8(c). For purposes of this Bylaw 8 and Bylaw **14,** "***public disclosure***" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document filed by the Company with the Securities and Exchange Commission pursuant to the Exchange Act or furnished by the Company to stockholders. Nothing in this Bylaw 8(c) will be deemed to affect any rights of stockholders to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(d) At a special meeting of stockholders, only such business may be conducted or considered as is properly brought before the meeting. To be properly brought before a special meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the

direction of the Chairman, the President or a majority of the Whole Board in accordance with Bylaw 4 or (ii) otherwise properly brought before the meeting by the presiding officer or by or at the direction of a majority of the Whole Board.

(e) The determination of whether any business sought to be brought before any annual or special meeting of the stockholders is properly brought before such meeting in accordance with this Bylaw 8 will be made by the presiding officer of such meeting. If the presiding officer determines that any business is not properly brought before such meeting, he or she will so declare to the meeting and any such business will not be conducted or considered.

CONSENTS OF STOCKHOLDERS

9. Consent of Stockholders in Lieu of Meeting. Subject to the requirements of Bylaw 32 and unless otherwise provided in the Certificate of Incorporation, any corporate action required to be taken at a meeting of the stockholders, or any other corporate action which may be taken at a meeting of the stockholders, may be taken without a meeting, if a consent or consents in writing setting forth the corporate action to be so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such corporate action at a meeting at which all shares entitled to vote thereon were present and voted, and delivered to the Company's registered office in the State of Delaware, to its principal place of business or to any officer or agent of the Company having custody of the book in which proceedings of stockholders meetings are recorded, in each case addressed to the attention of the Secretary. Delivery shall be by hand or by certified or registered mail, return receipt requested. The Company shall give prompt notice of the taking of corporate action without a meeting by less than unanimous written consent to stockholders who have not consented in writing and who, if the corporate action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the corporate action were delivered to the Company in the manner provided herein and in the Delaware General Corporation Law.

10. Inspectors for Consent of Stockholders in Lieu of Meeting. The Board may appoint one or more inspectors of elections to perform a ministerial review, or act as judges, of the validity of written consents delivered in accordance with Bylaw 9 and any revocations thereof. No corporate action by written consent without a meeting shall be effective until such date as the inspectors certify to the Company that the signed written consents delivered to the Company in accordance with Bylaw 9 represent at least the minimum number of votes that would be necessary to authorize or take such corporate action at a meeting at which all shares entitled to vote thereon were present and voted.

DIRECTORS

11. Function. The business and affairs of the Company will be managed under the direction of its Board.

12. Number, Election and Terms. Subject to the rights, if any, of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, and to any minimum and maximum number of authorized Directors provided in the Certificate

of Incorporation, the authorized number of Directors may be determined from time to time only by a vote of a majority of the Whole Board, but such number shall be no fewer than three nor more than nine.

13. Vacancies and Newly Created Directorships. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor is elected and qualified. No decrease in the number of Directors constituting the Board will shorten the term of an incumbent Director.

14. Nominations of Directors; Election.

(a) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, only persons who are nominated in accordance with this Bylaw 14 will be eligible for election at a meeting of stockholders as Directors of the Company.

(b) Nominations of persons for election as Directors of the Company may be made only at an annual meeting of stockholders (i) by or at the direction of the Board or a committee thereof or (ii) by any stockholder that is a stockholder of record at the time of giving of notice provided for in this Bylaw 14, who is entitled to vote for the election of Directors at such annual meeting, and who complies with the procedures set forth in this Bylaw 14. If a stockholder, or a beneficial owner on whose behalf any such nomination is made, has provided the Company with a Nomination Solicitation Notice, as that term is defined in this Bylaw 14 below, such stockholder or beneficial owner must have delivered a proxy statement and form of proxy to the holders of at least the percentage of shares of the Company entitled to vote required to approve such nomination and

included in such materials the Nomination Solicitation Notice. All nominations by stockholders must be made pursuant to timely notice in proper written form to the Secretary.

(c) To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 calendar days prior to or delayed by more than 30 calendar days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public disclosure of the date of such meeting is first made. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. To be in proper written form, such stockholder's notice must set forth or include (i) the name and address, as they appear on the Company's books, of the stockholder giving the notice and of the beneficial owner, if any, on whose behalf the nomination is made; (ii) a representation that the stockholder giving the notice is a holder of record of stock of the Company entitled to vote at such annual meeting and intends to appear in person or by proxy at the annual meeting to nominate the person or persons specified in the notice; (iii) the class and number of shares of stock of the Company owned beneficially and of record by the stockholder giving the notice and by the beneficial owner, if any, on whose behalf the nomination is made; (iv) a description of all arrangements or understandings between or among any of (A) the stockholder giving the notice, (B) the beneficial owner on whose behalf the notice is given, (C) each nominee, and (D) any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder giving the notice; (v) such other information regarding each nominee proposed by the stockholder giving the notice as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by the Board; (vi) the signed consent of each nominee to serve as a Director of the Company if so elected; (vii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote required to elect such nominee or nominees (an affirmative statement of such intent, a "***Nomination Solicitation Notice***"); and (viii) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in the notice. At the request of the Board, any person nominated by the Board

for election as a Director must furnish to the Secretary that information required to be set forth in a stockholder's notice of nomination that pertains to the nominee. The presiding officer of any annual meeting will, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by this Bylaw 14, and if he or she should so determine, he or she will so declare to the meeting and the defective nomination will be disregarded. Notwithstanding the foregoing provisions of this Bylaw 14, a stockholder must also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Bylaw 14.

15. Resignation. Any Director may resign at any time by giving notice in writing or by electronic transmission of his or her resignation to the Chairman or the Secretary. Any resignation will be effective upon actual receipt by any such person or, if later, as of the date and time specified in such written notice.

16. Regular Meetings. Regular meetings of the Board may be held immediately after the annual meeting of the stockholders and at such other time and place either within or without the State of Delaware as may from time to time be determined by the Board. Notice of regular meetings of the Board need not be given.

17. Special Meetings. Special meetings of the Board may be called by the Chairman or the President on one day's notice to each Director by whom such notice is not waived, given either personally or by mail, courier, telephone, facsimile, or similar medium of communication, and will be called by the Chairman or the President, in like manner and on like notice, on the written request of a majority of the Whole Board. Special meetings of the Board may be held at such time and place either within or without the State of Delaware as is determined by the Board or specified in the notice of any such meeting.

18. Quorum. At all meetings of the Board, a majority of the Whole Board will constitute a quorum for the transaction of business. Except for the designation of committees as hereinafter provided and except for actions required by these Bylaws or the Certificate of Incorporation to be taken by a majority of the Whole Board, the act of a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time to another place, time, or date, without notice other than announcement at the meeting, until a quorum is present.

19. Participation in Meetings by Remote Communications. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or any such committee, as the case may be, by means of telephone conference or other means by which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at the meeting.

20. Committees.

(a) The Board, by resolution passed by a majority of the Whole Board, may designate one or more committees. Each such committee will consist of one or more Directors and will have such lawfully delegable powers and duties as the Board may confer; provided, however, that no committee shall exercise any power or duty expressly required by the Delaware General Corporation Law, as it may be amended from time to time, to be acted upon by the Board. Any such committee designated by the Board will have such name as may be determined from time to time by resolution adopted by the Board.

(b) The members of each committee of the Board will serve in such capacity at the pleasure of the Board or as may be specified in any resolution from time to time adopted by the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent or disqualified member at any meeting of such committee. In lieu of such designation by the Board, in the absence or disqualification of any member of a committee of the Board, the members thereof present at any such meeting of such committee and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

(c) Except as otherwise provided in these Bylaws, by law or in any resolution from time to time adopted by the Board, any committee of the Board will have and may exercise all the powers and authority of the Board in the direction of the management of the business and affairs of the Company. Any such committee designated by the Board will have such name as may be determined from time to time by resolution adopted by the Board. Unless otherwise prescribed by the Board, meetings of any committee of the Board may be held in the same manner as provided in Bylaw 19 or by unanimous written consent in lieu of a meeting, a majority of the members of any such committee will constitute a quorum for the transaction of business, and the act of a majority of the members present at a meeting at which there is a quorum will be the act of such committee. Each committee of the Board may prescribe its own rules for calling and holding meetings and its method of procedure, subject to any rules prescribed by the Board, will keep minutes of its proceedings and all actions taken by it, and will report its proceedings to the Board when required or when requested by a Director to do so.

21. Compensation. The Board may establish the compensation for, and reimbursement of the expenses of, Directors for membership on the Board and on committees of the Board, attendance at meetings of the Board or committees of

the Board, and for other services by Directors to the Company or any of its majority-owned subsidiaries.

22. Rules. The Board may adopt rules and regulations for the conduct of meetings and the oversight of the management of the affairs of the Company.

NOTICES

23. Generally. Except as otherwise provided by law, these Bylaws, or the Certificate of Incorporation, whenever by law or under the provisions of the Certificate of Incorporation or these Bylaws notice is required to be given to any Director or stockholder, it will not be construed to require personal notice, but such notice may be given in writing, by mail or courier service, addressed to such Director or stockholder, at the address of such Director or stockholder as it appears on the records of the Company, with postage thereon prepaid, and such notice will be deemed to be given at the time when the same is deposited in the United States mail. Notice to Directors may also be given by telephone, facsimile, electronic transmission or similar medium of communication or as otherwise may be permitted by these Bylaws.

24. Waivers. Whenever any notice is required to be given by law or under the provisions of the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person or persons entitled to such notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to such notice. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

OFFICERS

25. Generally. The officers of the Company will be elected by the Board and will consist of a Chairman, a President, a Secretary and a Treasurer. The Board may also choose any or all of the following: one or more Vice Chairmen, one or more Assistants to the Chairman, one or more Vice Presidents (who may be given particular designations with respect to authority, function, or seniority), one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as the Board may from time to time determine. Notwithstanding the foregoing, by specific action the Board may authorize the Chairman to appoint any person to any office other than Chairman, Chief Executive Officer, President, Secretary or Treasurer. Any number of offices may be held by the same person. Any of the offices may be left vacant from time to time as the Board may determine. In the case of the absence or disability of any officer of the Company or for any other reason deemed sufficient by a majority of the Board, the Board

may delegate the absent or disabled officer's powers or duties to any other officer or to any Director.

26. Compensation. The compensation of all officers and agents of the Company who are also Directors of the Company will be fixed by the Board or by a committee of the Board. The Board may fix, or delegate the power to fix, the compensation of other officers and agents of the Company to an officer of the Company.

27. Succession. The officers of the Company will hold office until their successors are elected and qualified. Any officer may be removed at any time by the affirmative vote of a majority of the Whole Board. Any vacancy occurring in any office of the Company may be filled by the Board or by the Chairman as provided in Bylaw 23.

28. Authority and Duties. Each of the officers of the Company will have such authority and will perform such duties as are customarily incident to their respective offices or as may be specified from time to time by the Board.

STOCK

29. Certificated and Uncertificated Shares. Shares of the Company's common stock or Preferred Stock may be certificated or uncertificated, as permitted under Section 158 of the Delaware General Corporation Law. Certificates representing shares of stock of the Company will be in such form as is determined by the Board, subject to applicable legal requirements. Each such certificate will be numbered and its issuance recorded in the books of the Company, and such certificate will exhibit the holder's name and the number of shares and will be mechanically signed with a facsimile of the signature of the President or a Vice President, and a facsimile of the signature of the Secretary or an Assistant Secretary, and shall also be signed by, or bear the facsimile signature of, a duly authorized officer or agent of any properly designated transfer agent of the Company. Any or all of the signatures and the seal of the Company, if any, upon such certificates may be facsimiles, engraved, or printed. Such certificates may be issued and delivered notwithstanding that the person whose facsimile signature appears thereon may have ceased to be such officer at the time the certificates are issued and delivered.

30. Classes of Stock. The designations, powers, preferences and relative participating, optional or other special rights of the various classes of stock or series thereof, and the qualifications, limitations or restrictions thereof, will be set forth in full or summarized on the face or back of the certificates which the Company issues to represent its stock or, in lieu thereof, such certificates will set forth the office of the Company from which the holders of certificates may obtain a copy of such information at no charge.

31. Lost, Stolen or Destroyed Certificates. An executive officer or the Secretary may direct a new certificate or certificates to be issued in place of any certificate or

certificates theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact, satisfactory to such executive officer or the Secretary, by the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, such executive officer or the Secretary may require the owners of such lost, stolen or destroyed certificate or certificates to advertise the alleged loss, theft or destruction in such a manner as such executive officer or the Secretary may require, and/or to give the Company a bond in such sum and with such surety or sureties as such executive officer or the Secretary may direct as indemnity against any claims that may be made against the Company with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of the new certificate.

32. Record Dates.

(a) In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which will not be more than 60 nor less than 10 calendar days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders will be at the close of business on the calendar day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the calendar day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders will apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Company may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Company, request that the Board fix a record date. Any such written notice shall be delivered to the Company in the same manner as signed written consents are required to be delivered pursuant to Bylaw 9. The Board shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by applicable law, shall be the first date on

which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in accordance with Bylaw 9. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

(c) In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date will not be more than 60 calendar days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the calendar day on which the Board adopts the resolution relating thereto.

(d) The Company will be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes, and will not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Company has notice thereof, except as expressly provided by applicable law. In addition, subject to applicable legal requirements, the Company may (by action of the Whole Board) establish procedures for the verification that depositary or other holders of shares beneficially owned by others have been properly instructed with respect to the voting of such shares and in respect of the effect of changes in beneficial ownership on the validity of proxies or consents.

GENERAL

33. Contracts, Checks, Etc. All contracts, agreements, checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed or endorsed by the persons whom the Board of Directors prescribes therefor.

34. Fiscal Year. Effective as of January 1, 2008, the fiscal year of the Company shall commence on January 1 of each year and shall end the following December 31.

35. Seal. The Board may adopt a corporate seal and use the same by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

36. Reliance Upon Books, Reports and Records. Each Director, each member of a committee designated by the Board, and each officer of the Company will, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports, or statements presented to the Company by any of the Company’s officers or

employees, or committees of the Board, or by any other person or entity as to matters the Director, committee member, or officer believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

37. Time Periods. In applying any provision of these Bylaws that requires that an act be performed or not be performed a specified number of days prior to an event or that an act be performed during a period of a specified number of days prior to an event, calendar days will be used unless otherwise specified, the day of the doing of the act will be excluded, and the day of the event will be included.

38. Amendments. Except as otherwise provided by law or by the Certificate of Incorporation or these Bylaws, these Bylaws or any of them may be amended in any respect or repealed at any time, either (i) at any meeting of stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting has been described or referred to in the notice of such meeting, or (ii) at any meeting of the Board, provided that no amendment adopted by the Board may vary or conflict with any amendment adopted by the stockholders in accordance with the Certificate of Incorporation and these Bylaws. Notwithstanding the foregoing and anything contained in these Bylaws to the contrary, Bylaws 1, 3, 8, 9, 10, 12, 13, 14, 32(b) and 38 may not be amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least a majority of all classes of voting stock issued and outstanding.

39. Insurance. The Company shall purchase and maintain insurance on behalf of any person who is a director or officer of the Company, or is a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another company or of a partnership, joint venture, trust or other enterprise, against any expense, liability and loss asserted against and incurred or suffered by such person or on such person’s behalf in any such capacity, or arising out of such person’s status as such, whether or not the Company would have the power to indemnify such against such liability under the provisions of the Certificate of Incorporation or applicable law, provided that such insurance is available on reasonably acceptable terms as determined by (i) the executive officer(s) responsible for purchasing or maintaining such insurance; or (ii) a vote of a majority of the Whole Board.

40. Certificate of Incorporation and Applicable Law. These Bylaws are subject to the provisions of the Certificate of Incorporation and applicable law.

AMENDED AND RESTATED
STOCK OPTION AGREEMENT

UNDER

ACI WORLDWIDE, INC.
1999 STOCK OPTION PLAN

as amended by the Stockholders on February 22, 2000,
February 20, 2001 and February 19, 2002,
and amended by the Board of Directors
on May 5, 2000 and March 7, 2006

US MASTER

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AMENDED AND RESTATED
STOCK OPTION AGREEMENT
ACI WORLDWIDE, INC.

1999 STOCK OPTION PLAN
as amended by the Stockholders on February 22, 2000,
February 20, 2001 and February 19, 2002
and amended by the Board of Directors
on May 5, 2000 and March 7, 2006

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 approved the 1999 Stock Option Plan (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 its best interests to grant the Optionee, pursuant to the Plan, 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 the Plan and in this Agreement, shares of Common Stock. 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 is attached to this Option Agreement. 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 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 not 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.

3. EXERCISE PRICE

The Exercise Price for the shares of Stock subject to the Option granted by this Option Agreement is $ per share.

4. EXERCISE OF OPTION

Except as otherwise provided herein, and subject to the provisions of the Plan (including restrictions on the transferability of the Option and special provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes in capitalization of the Corporation), the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

4.1 Time of Exercise of Option

The Optionee may exercise the Option (subject to the limitations on exercise set forth in this Agreement and in the Plan), in installments as follows:

(i) Subject to Section 4.2, no Option may be exercised during the first year from the Original Date of Grant;

(ii) Subject to Section 4.2, after one year from the Original Date of Grant, the Option shall be exercisable in respect of 33 and 1/3 percent of the number of shares specified in Section 1 above; and

(iii) Subject to Section 4.2, after the expiration of each of the second, and third years from the Original Date of Grant, the Option shall be exercisable in respect of an additional 33 and 1/3 percent of such shares specified in Section 1 above.

The foregoing installments, to the extent not exercised, shall accumulate and be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; 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.

4.2 Acceleration of Option

Notwithstanding any other provision of this Agreement to the contrary, the Option granted hereby shall become immediately exercisable upon the occurrence of a Change in Control (as hereinafter defined) of the Corporation if Optionee is an employee of the Corporation or any of its subsidiaries on the date of the consummation of such Change in Control.

For purposes of this Section 4.2, a "Change in Control" means the occurrence of any of the following events:

(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 (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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 9(a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (D) any acquisition by any corporation pursuant to a transaction that complies with Sections 4.2(c)(A), 4.2(c)(B) and 4.2(c)(C);

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; 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;

(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) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding

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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) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority 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 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; or

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

4.3 Termination of Option

The Option shall terminate upon the earlier of the expiration of a period of (i) ten years from the Original Date of Grant, or (ii) one month from the date of the Optionee's termination of employment with the Corporation or a subsidiary; provided, however, that if such termination of employment falls within the scope of one of the provisions of the Plan providing for an extended exercise period in excess of one month, the Option shall terminate upon the expiration of the extended period, as specified in such provision, after the Optionee's termination of employment with the Corporation or a subsidiary within which the Option is exercisable.

4.4 Effect of Optionee's Disability or Death

If the Optionee ceases to be an Employee of the Corporation or a Subsidiary of the Corporation by reason of Disability, the unexercised portion of any Option held by such Optionee at that time will become immediately vested and will be exercisable for the shorter of one year from the date on which the Optionee ceased to be so employed or the remaining Option term. If the Optionee does not exercise the Option within the time specified, such Option shall terminate. The Corporation shall have the authority to determine the date an Optionee ceases to be an Employee by reason of Disability.

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 for the shorter of one year from the date of such Optionee's death, or the remaining Option term. Such 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. If the Option is not exercised within the time specified, such Option shall terminate.

4.5 Limitations on Exercise of Option

Notwithstanding the foregoing Subsections, in no event may the Option be exercised, in whole or in part, after ten years following the Original Date of Grant, or after the occurrence of an event which results in termination of the Option under the Plan.

4.6 Method of Exercise of Option

<u>Cash Exercise (to exercise and retain the Shares):</u> Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock Option 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.

Same-Day-Sale Exercise (to exercise and immediately sell all the Shares): Subject to the terms and conditions of this Option Agreement, 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.

Sell-to-Cover Exercise (to exercise and immediately sell a portion of the Shares): Subject to the terms and conditions of this Option Agreement, 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

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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.

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 Company's policies and procedures. An attempt to exercise the Option granted hereunder other than as set forth above shall be invalid and of no force and effect.

4.7 Parachute Limitations

Notwithstanding any other provision of this Option Agreement or the Plan or any other agreement, contract or understanding heretofore or hereafter entered into by the Optionee with the Corporation (or any subsidiary or affiliate thereof), except an agreement, contract or understanding hereafter entered into that expressly modifies or excludes application of this Subsection (the "Other Agreements"), and notwithstanding any formal or informal plan or other arrangements heretofore or hereafter adopted by the Corporation (or any such subsidiary or affiliate) for the direct or indirect compensation of the Optionee (including groups or classes of participants or beneficiaries of which the Optionee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Optionee (an "Other Benefit Plan"), the Optionee shall not have any right to exercise an Option or receive any payment or other benefit under this Option Agreement, any Other Agreement, or any Other Benefit Plan if such right to exercise, payment or benefit, taking into account all other rights, payments or benefits to or for the Optionee under this Option Agreement, all Other Agreements and all Other Benefit Plans, would cause any right, payment or benefit to the Optionee under this Option Agreement to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment"). In the event that the receipt of any such right to exercise or any other payment or benefit under this Option Agreement, any Other Agreement or any Other Benefit Plan would cause the Optionee to be considered to have received a Parachute Payment under this Agreement, then the Optionee shall have the right, in the Optionee's sole discretion, to designate those rights, payments or

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benefits under this Option Agreement, any Other Agreements, and/or any Other Benefit Plans, which should be reduced or eliminated so as to avoid having the right, payment or benefit to the Optionee under this Option Agreement be deemed to be a Parachute Payment.

5. TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee or any permitted transferee (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 other than by will or the laws of descent and distribution or, except with respect to an Incentive Stock Option, pursuant to a domestic relations order (within the meaning of Rule 16a-12 of the Securities Exchange Act of 1934, as amended).

6. 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 or record on the books of the Corporation.

7. WITHHOLDING OF TAXES

The parties hereto recognize that the Corporation or a subsidiary may be obligated to withhold federal, state and/or local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with a disposition of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or a subsidiary may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or a subsidiary having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by check payable to the order of the Corporation or a subsidiary.

8. 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.

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9. 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.

10. 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).

11. 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.

12. 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.

13. ENTIRE AGREEMENT

This Option Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral (including, without limitation, the Stock Option Agreement between the Corporation and Optionee dated May 13, 2002), 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.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Amended and Restated Option Agreement, or caused this Amended and Restated 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# 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., 224 South 108 Avenue, Omaha, NE 68154

1999 Stock Option Plan — US Plan

__________ Options $_______Share Exercise Price ______________

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 (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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 9(a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (D) any acquisition by any corporation pursuant to a transaction that complies with Sections 9(c)(A), 9(c)(B) and 9(c)(C);

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; 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;

(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) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) 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) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority 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 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; or

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

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.

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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.

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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# 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., 224 South 108 Avenue, Omaha, NE 68154

2005 Equity and Performance Plan, as amended - US Plan — Non-Employee Director

__________ Options $_______/Share Exercise Price ______________

ACI WORLDWIDE, INC.

Nonqualified Stock Option Agreement - Employee

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 **[ ]**, 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 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.

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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 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.

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 (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) 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 1(d), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with Sections 10(c)(A), 10(c)(B) and 10(c)(C);

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; 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;

(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) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) 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) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority 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 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; or

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

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.

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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.:

By: ____________________________________
[____________________]

Optionee:

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., 224 South 108 Avenue, Omaha, NE 68154

2005 Equity and Performance Plan, as amended - US Plan

__________ Options $_______/Share Exercise Price _______________

Exhibit 10.5

ACI WORLDWIDE, INC.

LTIP Performance Shares Agreement

(2005 Equity and Performance Incentive Plan)
(Amended by the Stockholders July 24, 2007)

This LTIP Performance Shares Agreement (this "Agreement") is made as of between ACI Worldwide, Inc., a Delaware corporation (the "Corporation") and , an employee of the Corporation or its Subsidiaries (the "Grantee").

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 performance shares, each such performance share being equal in value to one share of the Corporation's common stock, par value of $0.005 per share (the "Common Shares"); 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 approve a long-term incentive plan in 2005 and, in connection therewith, to grant the Grantee a certain number of performance 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 promises and covenants contained herein, the parties hereto do hereby agree as follows:

1. <u>**Grant of Performance Shares**</u>.

(a) Subject to the terms of the Plan, the Corporation hereby grants to the Grantee performance shares (the "Performance Shares"), payment of which depends on the Corporation's performance as set forth in this Agreement and in the Statement of Performance Goals (the "Statement of Performance Goals") approved by the Compensation Committee of the Corporation's Board of Directors (the "Committee").

(b) The Grantee's right to receive all or any portion of the Performance Shares will be contingent upon the achievement of certain management objectives (the "Management Objectives"), as set forth in the Statement of Performance Goals. The achievement of the Management Objectives will be measured during the period from through (the "Performance Period").

(c) The Management Objectives for the Performance Period will be based on Revenue (as defined in the Statement of Performance Goals) ("Revenue"), Earnings per Share (as defined in the Statement of Performance Goals ("EPS") and Backlog (as defined in the Statement of Performance Goals) ("Backlog"). Each of the Management Objectives will be weighted as follows:

(i) forty percent (40%) of the total number of Performance Shares will be based on Revenue (the "Revenue Performance Shares");

(ii) forty percent (40%) of the total number of Performance Shares will be based on EPS (the "EPS Performance Shares"); and

(iii) twenty percent (20%) of the total number of Performance Shares will be based on Backlog (the "Backlog Performance Shares").

2. <u>**Earning of Performance Shares**</u>.

(a) <u>Initial Hurdle</u>. Notwithstanding anything to the contrary contained in this Agreement or in the Statement of Performance Goals, in no event shall any Performance Shares become earned if upon the conclusion of the Performance Period actual performance relating to EPS is below threshold level as set forth in the Performance Matrix contained in the Statement of Performance Goals.

(b) <u>The Revenue Performance Shares.</u>

(i) If, upon the conclusion of the Performance Period, Revenue falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the Revenue Performance Shares shall become earned.

(ii) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Revenue Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iii) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Revenue Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iv) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the Revenue Performance Shares shall become earned.

(c) <u>The EPS Performance Shares</u>.

(i) If, upon the conclusion of the Performance Period, EPS falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the EPS Performance Shares shall become earned.

(ii) If, upon the conclusion of the Performance Period, EPS equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the EPS Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iii) If, upon the conclusion of the Performance Period, EPS equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the EPS Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iv) If, upon the conclusion of the Performance Period, EPS equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the EPS Performance Shares shall become earned.

(d) The Backlog Performance Shares.

(i) If, upon the conclusion of the Performance Period, Backlog falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the Backlog Performance Shares shall become earned.

(ii) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Backlog Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iii) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Backlog Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

(iv) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the Backlog Performance Shares shall become earned.

(e) Modification. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Corporation, the manner in which it conducts business or other events or circumstances render the Management Objectives to be unsuitable, the Committee may modify such Management Objectives or the related levels of achievement, in whole or in part,

as the Committee deems appropriate; provided, however, that no such action may result in the loss of the otherwise available exemption of the award under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

(f) Conditions; Determination of Earned Award. Except as otherwise provided herein, the Grantee's right to receive any Performance Shares is contingent upon his or her remaining in the continuous employ of the Corporation or a Subsidiary through the end of the Performance Period. For purposes of this Agreement, the continuous employ of the Grantee shall not be considered interrupted or terminated in the case of transfers between locations of the Corporation and its Subsidiaries. Following the Performance Period, the Committee (or the independent members of the Board of Directors) shall certify that the Management Objectives have been satisfied and shall determine the number of Performance Shares that shall have become earned hereunder. In all circumstances, the Committee (or the independent members of the Board of Directors) shall have the ability and authority to reduce, but not increase, the amount of Performance Shares that become earned hereunder.

3. **Change in Control**. If a Change in Control (as defined in Exhibit A) occurs following completion of the first full fiscal quarter of the Performance Period but before the payment of the Performance Shares as set forth in Section 7 below, the Corporation shall pay to the Grantee, as soon as practicable following the Change in Control, a number of Performance Shares equal to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the full fiscal quarters completed during the Performance Period until the date of the Change in Control (and annualized based on the completed fiscal quarters for any partial years during the Performance Period), multiplied by (ii) a fraction, the numerator of which is the number of full fiscal quarters completed during the Performance Period until the date of the Change in Control and the denominator of which is 12.

4. **Retirement, Disability, Death or Termination without Cause**. If the Grantee's employment with the Corporation or a Subsidiary terminates following completion of the first full fiscal quarter of the Performance Period but before the payment of the Performance Shares as set forth in Section 7 below due to (a) the Grantee's retirement approved by the Corporation, (b) Disability, (c) death or (d) a termination by the Corporation without cause, the Corporation shall pay to the Grantee or his or her executor or administrator, as the case may be, as soon as practicable following such termination of employment, a number of Performance Shares equal to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the full fiscal quarters completed during the Performance Period until the date of termination (and annualized based on the completed fiscal quarters for any partial years during the Performance Period), multiplied by (ii) a fraction, the numerator of which is the number of full fiscal quarters the Grantee was employed during the Performance Period and the denominator of which is 12. For purposes of this Agreement, "Disability" means the Grantee's permanent and total disability as defined in Section 22(e)(3) of the Code.

5. **Other Termination**. If the Grantee's employment with the Corporation or a Subsidiary terminates before the payment of the Performance Shares as provided in Section 7 hereof for any reason other than as set forth in Section 4 above, the Performance Shares will be forfeited.

6. **Leaves of Absence**. If the Grantee was on short-term disability, long-term disability or unpaid leave of absence approved by the Corporation for more than 30 calendar days during any fiscal quarter during the Performance Period, the number of Performance Shares earned by the Grantee will be reduced such that the Grantee will only be entitled to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the Performance Period, multiplied by (ii) a fraction, the numerator of which is the number of fiscal quarters the Grantee was employed during the Performance Period (excluding any fiscal quarters during which the Grantee was on a leave of absence for more than 30 calendar days) and the denominator of which is 12.

7. **Payment of Performance Shares**. Payment of any Performance Shares that become earned as set forth herein will be made in the form of Common Shares. Except as otherwise provided in Sections 3 and 4, payment will be made as soon as practicable after the receipt of audited financial statements of the Corporation relating to the last fiscal year of the Performance Period and the determination by the Committee (or the independent members of the Board of Directors) of the level of attainment of the Management Objectives, but in no event shall such payment occur after . Performance Shares will be forfeited if they are not earned at the end of the Performance Period and, except as otherwise provided in this Agreement, if the Grantee ceases to be employed by the Corporation or a Subsidiary at any time prior to such shares becoming earned. To the extent that the Corporation or any Subsidiary is required to withhold any federal, state, local or foreign tax in connection with the payment of earned Performance Shares pursuant to this Agreement, it shall be a condition to the receipt of such Performance Shares that the Grantee make arrangements satisfactory to the Corporation or such Subsidiary for payment of such taxes required to be withheld. This tax withholding obligation shall be satisfied by the Corporation withholding Performance Shares otherwise payable pursuant to this award.

8. **Cash Dividends**. Cash dividends on the Performance Shares covered by this Agreement shall be sequestered by the Corporation from and after the Date of Grant until such time as any of such Performance Shares become earned in accordance with this Agreement, whereupon such dividends shall be converted into a number of Common Shares (based on the Market Value per Share on the date such Performance Shares become earned) to the extent such dividends are attributable to Performance Shares that have become earned. To the extent that Performance Shares covered by this Agreement are forfeited, all of the dividends sequestered with respect to such Performance Shares shall also be forfeited. No interest shall be payable with respect to any such dividends.

9. **Non-Assignability**. The Performance Shares and the Common Shares subject to this grant of Performance Shares are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until they become earned as provided in this Agreement; provided, however, that the Grantee's rights with respect to such Performance Shares and Common 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 9, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Performance Shares or Common Shares.

10. **Adjustments**. In the event of any change in the number of Common 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 shareholders (other than normal cash dividends), the Committee shall adjust the number and class of shares subject to outstanding Performance Shares and other value determinations applicable to outstanding Performance Shares. No adjustment provided for in this Section 10 shall require the Corporation to issue any fractional share.

11. **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. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the 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 Grantee). In particular, to the extent the Grantee has a right to receive payment pursuant to Sections 3 or 4 and the event triggering the right to payment does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in Sections 3, 4 or 7 above, issuance of the Common Shares will be made, to the extent necessary to comply with Section 409A of the Code, to the Grantee on the earlier of (a) the Grantee's "separation from service" with the Corporation (determined in accordance with Section 409A); provided, however, that if the Grantee is a "specified employee" (within the meaning of Section 409A), the Grantee's date of issuance of the Common Shares shall be the date that is six months after the date of the Grantee's separation of service with the Corporation; (b) the date the payment would otherwise occur under this Agreement; or (c) the Grantee's death. Reference to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

12. **Miscellaneous**.

(a) The contents of this Agreement are subject in all respects to the terms and conditions of the Plan as approved by the Board of Directors and the stockholders of the Corporation, which are controlling. 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. Unless otherwise indicated, the capitalized terms used in this Agreement shall have the same meanings as set forth in the Plan.

(b) The grant of the Performance Shares is discretionary and will 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. The Grantee's acceptance of this grant constitutes the Grantee's consent to the transfer of data and information from non-U.S. entities related to the Corporation concerning or arising out of this grant to the Corporation and to entities engaged by the Corporation to provide services in connection with this grant for purposes of any applicable privacy, information or data protection laws and regulations.

(c) This Agreement, and the terms and conditions of the Plan, shall bind, and inure to the benefit of the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(d) This Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

(e) 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. Notwithstanding the foregoing, no amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent.

13. **Notices**. 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.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Performance Shares Agreement, or caused this Performance Shares Agreement to be duly executed on their behalf, as of the day and year first above written.

ACI Worldwide, Inc.:

By: ______________________________
Philip G. Heasley, CEO and President

Grantee:

By: ______________________________
<Name>

ADDRESS FOR NOTICE TO GRANTEE:

____
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 receive Performance Shares to which I am entitled upon my death, if any, as determined in accordance with the terms of my Agreement. If the beneficiary herein-named does not survive me, these Performance Shares will become the property of my estate. This beneficiary designation supersedes any prior and inconsistent beneficiary designation and does **NOT** apply to Performance Shares paid to me pursuant to the terms of my Performance Shares Agreement 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., 224 South 108th Avenue, Omaha, NE 68154

<Number> Shares <Date>

Exhibit A

For purposes of this 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 (i) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) 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 1(d), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with the provisions of (c)(A), (c)(B) and (c)(C) set forth below;

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; 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;

(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) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including,

without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) 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) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority 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 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; or

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

Exhibit 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Philip G. Heasley, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date: September 24, 2007

/s/ PHILIP G. HEASLEY

Philip G. Heasley
President, Chief Executive Officer
and Director

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Henry C. Lyons, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date: September 24, 2007

/s/ HENRY C. LYONS

Henry C. Lyons
Senior Vice President, Chief Financial Officer and
Chief Accounting Officer

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 quarterly report of ACI Worldwide, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2007 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.

Date: September 24, 2007

/s/ PHILIP G. HEASLEY

Philip G. Heasley
President, Chief Executive Officer
and Director

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 quarterly report of ACI Worldwide, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Henry C. Lyons, 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.

Date: September 24, 2007

/s/ HENRY C. LYONS

Henry C. Lyons
Senior Vice President, Chief Financial Officer and Chief Accounting Officer