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

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2014 (July 31, 2014)

ACI WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-25346
(Commission
File Number)

47-0772104
(IRS Employer
Identification No.)

3520 Kraft Rd, Suite 300
Naples, FL 34105
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (239) 403-4600
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operation and Financial Condition.

On July 31, 2014, ACI Worldwide, Inc. (“the Company”) issued a press release announcing its financial results for the period ended June 30, 2014. A copy of this press release is attached hereto as Exhibit 99.1.

The foregoing information (including the exhibits hereto) is being furnished under “Item 2.02- Results of Operations and Financial Condition” and “Item 7.01 – Regulation FD Disclosure.” Such information (including the exhibits hereto) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The filing of this report and the furnishing of this information pursuant to Items 2.02 and 7.01 do not mean that such information is material or that disclosure of such information is required.

Item 7.01. Regulation FD Disclosure

See “Item 2.02 – Results of Operation and Financial Condition” above.

Item 9.01. Financial Statements and Exhibits.

99.1 Press Release dated July 31, 2014

99.2 Investor presentation materials dated July 31, 2014

SIGNATURES

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

ACI WORLDWIDE, INC.

/s/ Scott W. Behrens

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

Date: July 31, 2014

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 31, 2014
99.2	Investor presentation materials dated July 31, 2014



News Release

**ACI Worldwide, Inc. Reports Financial
Results for the Quarter Ended June 30, 2014**

HIGHLIGHTS

- SNET bookings of \$150 million, up 16% from Q2 last year
- Non-GAAP revenue of \$255 million, up 23% from Q2 last year
- Operating free cash flow of \$28 million, up 29% from Q2 last year
- Non-GAAP operating income of \$31 million, up 76% from Q2 last year
- Adjusted EBITDA of \$56 million, up 46% from Q2 last year
- Reiterating organic 2014 financial guidance

NAPLES, FLA — July 31, 2014 — ACI Worldwide (NASDAQ: ACIW), a leading international provider of electronic payment and banking systems, today announced financial results for the period ended June 30, 2014. Management will host a conference call at 8:30 am ET to discuss these results as well as 2014 guidance. Interested persons may access a real-time audio broadcast of the teleconference at www.aciworldwide.com/investors or use the following numbers for dial-in participation: US/Canada: (866) 914-7436, International/Local: +1 (817) 385-9117. Please provide your name, the conference name ACI Worldwide, Inc. and conference code 72317567. There will be a replay available for two weeks on (855) 859-2056 for US/Canada Dial-In and +1 (404) 537- 3406 for International/Local Dial-In participants.

“ACI had a strong second quarter, driven by continued market interest in our Universal Payments solutions and solid execution company wide,” commented Phil Heasley, President and CEO, ACI Worldwide. “We expect the addition of Retail Decisions to continue this momentum and we remain optimistic regarding the remainder of 2014 and beyond.”

FINANCIAL SUMMARY

Financial Results for Q2

Non-GAAP revenue in Q2 was \$255 million, an increase of \$47 million, or 23%, above the prior year quarter. Excluding the Official Payments contribution of \$39 million, organic revenue grew 4%.

New sales bookings, net of term extensions (SNET) increased 16% compared to the prior year quarter, or 14% excluding the contribution from Official Payments. Our 12-month backlog increased by \$2 million from last quarter to \$885 million, while our 60-month backlog increased by \$14 million from last quarter to \$3.92 billion.

Non-GAAP operating income was \$31 million for the quarter, versus \$17 million in the prior year quarter. Adjusted EBITDA of \$56 million grew 46%, or \$18 million above last year's \$38 million. Net EBITDA margin in Q2 2014 was 25% versus 19% margin last year, after adjusting for \$34 million and \$7 million of pass through interchange fees in Q2 2014 and Q2 2013, respectively.

Q2 GAAP net income was \$11 million, or \$0.10 per diluted share, versus net income of \$2 million, or \$0.02 per diluted share in Q2 2013. The variance was primarily driven by higher revenues and cost containment.

We ended the second quarter with \$55 million in cash on hand. Operating free cash flow (OFCF) for the quarter was \$28 million, up from \$22 million in Q2 of last year. The quarter ended with a debt balance of \$753 million, down from \$779 million in Q1.

Reiterating Guidance

Excluding contribution from the pending acquisition of Retail Decisions (ReD), we continue to expect to generate non-GAAP revenue in a range of \$1.06 to \$1.08 billion for the full year. We expect non-GAAP revenue of \$250 to \$260 million in the third quarter. Adjusted EBITDA expectations remain in a range of \$290 to \$300 million. This guidance excludes approximately \$15 million of significant integration-related expenses and includes \$2 million for the deferred revenue adjustments. If closed in the middle of the third quarter, we expect the acquisition of ReD will generate approximately \$18 million in revenue and \$4 million in adjusted EBITDA for the remainder of 2014 and we will update our financial guidance upon closing. Lastly, our full year 2014 net new sales bookings growth is expected to be in the upper single digit range.

About ACI Worldwide

ACI Worldwide, the Universal Payments company, powers electronic payments and banking for more than 5,000 financial institutions, retailers, billers and processors around the world. ACI software processes \$13 trillion in payments and securities transactions for more than 250 of the leading global retailers, and 21 of the world's 25 largest banks. Through our comprehensive suite of software products and hosted services, we deliver a broad range of solutions for payment processing; card and merchant management; online banking; mobile, branch and voice banking; fraud detection; trade finance; and electronic bill presentment and payment. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter @ACI_Worldwide.

For more information contact:

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ACI Worldwide

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To supplement our financial results presented on a GAAP basis, we use the non-GAAP measures indicated in the tables, which exclude certain business combination accounting entries related to the acquisitions of S1 Corporation and Online Resources Corporation and significant transaction-related expenses, as well as other significant non-cash expenses such as depreciation, amortization and share-based compensation, that we believe are helpful in understanding our past financial performance and our future results. The presentation of these non-GAAP financial measures should be considered in addition to our GAAP results and are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management generally compensates for limitations in the use of non-GAAP financial measures by relying on comparable GAAP financial measures and providing investors with a reconciliation of non-GAAP financial measures only in addition to and in conjunction with results presented in accordance with GAAP. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. Certain non-GAAP measures include:

- Non-GAAP revenue: revenue plus deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements. Non-GAAP revenue should be considered in addition to, rather than as a substitute for, revenue.
- Non-GAAP operating income: operating income (loss) plus deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements and significant transaction-related expenses. Non-GAAP operating income should be considered in addition to, rather than as a substitute for, operating income (loss).
- Adjusted EBITDA: net income (loss) plus income tax expense (benefit), net interest income (expense), net other income (expense), depreciation, amortization and non-cash compensation, as well as deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements and significant transaction related expenses. Adjusted EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).

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

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

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

- Maintenance fees are assumed to exist for the duration of the license term for those contracts in which the committed maintenance term is less than the committed license term.
- License, facilities management, and software hosting arrangements are assumed to renew at the end of their committed term at a rate consistent with our historical experiences.

- Non-recurring license arrangements are assumed to renew as recurring revenue streams.
- Foreign currency exchange rates are assumed to remain constant over the 60-month backlog period for those contracts stated in currencies other than the U.S. dollar.
- Our pricing policies and practices are assumed to remain constant over the 60-month backlog period.

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

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

Forward-Looking Statements

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as “believes,” “will,” “expects,” “anticipates,” “intends,” and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this press release include, but are not limited to, statements regarding: (i) interest in our Universal Payments solutions; (ii) expectations regarding the acquisition of Retail Decisions; (iii) optimism regarding the remainder of 2014 and beyond; (iv) expectations regarding revenue, adjusted EBITDA, and sales, net of term guidance in 2014; (v) expectations regarding Q3 2014 revenue; and (vi) expectations relating to the timing of the close of Retail Decisions and the revenue and EBITDA contributions during the remainder of 2014.

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, increased competition, the performance of our strategic product, UP BASE24-eps, demand for our products, restrictions and other financial covenants in our credit facility, consolidations and failures in the financial services industry, customer reluctance to switch to a new vendor, the accuracy of management’s backlog estimates, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, volatility and disruption of the capital and credit markets and adverse changes in the global economy, our existing levels of debt, impairment of our goodwill or intangible assets, litigation, future acquisitions, strategic partnerships and investments, risks related to the expected benefits to be achieved in the transaction with Online Resources and Official Payments, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with

applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue-generating activity during the final weeks of each quarter, business interruptions or failure of our information technology and communication systems, our offshore software development activities, risks from operating internationally, including fluctuations in currency exchange rates, exposure to unknown tax liabilities, and volatility in our stock price. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K, Registration Statement on Form S-4, and subsequent reports on Forms 10-Q and 8-K.

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

	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 54,982	\$ 95,059
Receivables, net of allowances of \$4,722 and \$4,459, respectively	206,901	203,575
Deferred income taxes, net	74,247	47,593
Recoverable income taxes	3,009	2,258
Prepaid expenses	21,580	22,549
Other current assets	29,884	65,328
Total current assets	390,603	436,362
Property and equipment, net	54,731	57,347
Software, net	191,465	191,468
Goodwill	668,566	669,217
Intangible assets, net	224,505	237,693
Deferred income taxes, net	41,740	48,852
Other noncurrent assets	42,594	40,912
TOTAL ASSETS	\$1,614,204	\$ 1,681,851
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 41,235	\$ 43,658
Employee compensation	36,665	35,623
Current portion of long-term debt	59,141	47,313
Deferred revenue	141,388	122,045
Income taxes payable	2,625	1,192
Deferred income taxes, net	691	753
Other current liabilities	55,639	95,016
Total current liabilities	337,384	345,600
Noncurrent liabilities		
Deferred revenue	48,229	45,656
Long-term debt	693,500	708,070
Deferred income taxes, net	10,078	11,000
Other noncurrent liabilities	22,347	27,831
Total liabilities	1,111,538	1,138,157
Commitments and contingencies		
Stockholders' equity		
Preferred stock; \$0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at June 30, 2014 and December 31, 2013	—	—
Common stock; \$0.005 par value; 280,000,000 shares authorized; 139,820,388 shares issued at June 30, 2014 and December 31, 2013	698	698
Additional paid-in capital	547,201	542,697
Retained earnings	269,317	263,855
Treasury stock, at cost, 25,736,694 and 23,255,421 shares at June 30, 2014 and December 31, 2013, respectively	(300,454)	(240,241)
Accumulated other comprehensive loss	(14,096)	(23,315)
Total stockholders' equity	502,666	543,694
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,614,204	\$ 1,681,851

Note: All references to share amounts have been retroactively adjusted to reflect the July 10, 2014 three-for-one stock split for all periods presented.

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

	For the Three Months Ended		For the Six Months Ended	
	2014	2013	2014	2013
Revenues				
Licence	\$ 61,377	\$ 53,714	\$ 97,079	\$ 95,070
Maintenance	62,309	57,830	124,808	116,464
Services	24,991	26,964	47,579	50,893
Hosting	106,131	67,322	206,815	105,400
Total revenues	<u>254,808</u>	<u>205,830</u>	<u>476,281</u>	<u>367,827</u>
Operating expenses				
Cost of license (1)	6,897	6,169	12,633	12,087
Cost of maintenance, services and hosting (1)	112,595	82,573	220,482	144,444
Research and development	38,876	38,391	76,332	75,540
Selling and marketing	28,007	27,538	55,916	52,612
General and administrative	24,682	26,147	49,798	51,184
Depreciation and amortization	17,010	13,490	34,088	24,447
Total operating expenses	<u>228,067</u>	<u>194,308</u>	<u>449,249</u>	<u>360,314</u>
Operating income	<u>26,741</u>	<u>11,522</u>	<u>27,032</u>	<u>7,513</u>
Other income (expense)				
Interest expense	(9,329)	(6,053)	(18,504)	(9,950)
Interest income	135	211	334	342
Other, net	(3,901)	(1,519)	(4,958)	1,646
Total other income (expense)	<u>(13,095)</u>	<u>(7,361)</u>	<u>(23,128)</u>	<u>(7,962)</u>
Income (loss) before income taxes	<u>13,646</u>	<u>4,161</u>	<u>3,904</u>	<u>(449)</u>
Income tax expense (benefit)	2,409	2,280	(1,558)	(164)
Net income (loss)	<u>\$ 11,237</u>	<u>\$ 1,881</u>	<u>\$ 5,462</u>	<u>\$ (285)</u>
Income (loss) per common share				
Basic	\$ 0.10	\$ 0.02	\$ 0.05	\$ (0.00)
Diluted	\$ 0.10	\$ 0.02	\$ 0.05	\$ (0.00)
Weighted average common shares outstanding				
Basic	113,907	119,505	114,663	118,781
Diluted	115,977	121,502	116,812	118,781

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

Note: All references to share and per share amounts have been retroactively adjusted to reflect the July 10, 2014 three-for-one stock split for all periods presented.

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

	For the Three Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 11,237	\$ 1,881
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	5,234	4,200
Amortization	15,309	12,720
Amortization of deferred debt issuance costs	1,332	1,556
Deferred income taxes	(857)	(680)
Stock-based compensation expense	4,416	3,774
Excess tax benefit of stock options exercised	(312)	(373)
Other	734	3,992
Changes in operating assets and liabilities, net of impact of acquisitions:		
Receivables	(6,156)	(8,643)
Accounts payable	(1,723)	(1,516)
Accrued employee compensation	4,239	4,269
Current income taxes	(1,438)	(498)
Deferred revenue	(6,559)	5,799
Other current and noncurrent assets and liabilities	7,610	(3,777)
Net cash flows from operating activities	<u>33,066</u>	<u>22,704</u>
Cash flows from investing activities:		
Purchases of property and equipment	(4,091)	(2,809)
Purchases of software and distribution rights	(3,411)	(1,814)
Other	(1,500)	—
Net cash flows from investing activities	<u>(9,002)</u>	<u>(4,623)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	686	463
Proceeds from exercises of stock options	1,230	1,719
Excess tax benefit of stock options exercised	312	373
Repurchases of common stock	—	(12,068)
Repurchase of restricted stock and performance shares for tax withholdings	(30)	(54)
Proceeds from revolving credit facility	10,000	—
Repayment of revolving credit facility	(27,000)	—
Repayment of term portion of credit agreement	(8,871)	(9,375)
Payments on other debt and capital leases	(6,305)	(3,379)
Payment for debt issuance costs	—	(264)
Distribution to noncontrolling interest	(1,391)	—
Net cash flows from financing activities	<u>(31,369)</u>	<u>(22,585)</u>
Effect of exchange rate fluctuations on cash	3,351	(239)
Net decrease in cash and cash equivalents	(3,954)	(4,743)
Cash and cash equivalents, beginning of period	58,936	112,484
Cash and cash equivalents, end of period	<u>\$ 54,982</u>	<u>\$ 107,741</u>

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

	For the Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income (loss)	\$ 5,462	\$ (285)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	10,558	7,964
Amortization	30,591	23,142
Amortization of deferred debt issuance costs	2,680	2,516
Deferred income taxes	(12,134)	(6,776)
Stock-based compensation expense	9,188	7,724
Excess tax benefit of stock options exercised	(4,382)	(1,681)
Other	671	2,035
Changes in operating assets and liabilities, net of impact of acquisitions:		
Receivables	(9,279)	22,028
Accounts payable	(3,203)	(10,731)
Accrued employee compensation	659	(8,012)
Current income taxes	4,728	3,780
Deferred revenue	20,337	21,737
Other current and noncurrent assets and liabilities	(7,553)	(5,810)
Net cash flows from operating activities	<u>48,323</u>	<u>57,631</u>
Cash flows from investing activities:		
Purchases of property and equipment	(8,319)	(9,050)
Purchases of software and distribution rights	(6,991)	(4,578)
Acquisition of businesses, net of cash acquired	—	(264,202)
Other	(1,500)	—
Net cash flows from investing activities	<u>(16,810)</u>	<u>(277,830)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,338	938
Proceeds from exercises of stock options	4,117	5,583
Excess tax benefit of stock options exercised	4,382	1,681
Repurchases of common stock	(70,000)	(12,068)
Repurchase of restricted stock and performance shares for tax withholdings	(4,533)	(5,574)
Proceeds from term portion of credit agreement	—	300,000
Proceeds from revolving credit facility	50,000	—
Repayment of revolving credit facility	(35,000)	—
Repayment of term portion of credit agreement	(17,742)	(13,125)
Payments on other debt and capital leases	(6,687)	(11,717)
Payment for debt issuance costs	(163)	(9,536)
Distribution to noncontrolling interest	(1,391)	—
Net cash flows from financing activities	<u>(75,679)</u>	<u>256,182</u>
Effect of exchange rate fluctuations on cash	4,089	(4,571)
Net increase (decrease) in cash and cash equivalents	(40,077)	31,412
Cash and cash equivalents, beginning of period	95,059	76,329
Cash and cash equivalents, end of period	<u>\$ 54,982</u>	<u>\$ 107,741</u>

ACI Worldwide, Inc.
Reconciliation of Selected GAAP Measures to Non-GAAP Measures (1)
(unaudited and in thousands, except per share data)

Selected Non-GAAP Financial Data	FOR THE THREE MONTHS ENDED June 30,							
	2014 GAAP	Adj	2014 Non-GAAP	2013 GAAP	Adj	2013 Non-GAAP	\$ Diff	% Diff
Total revenues (2)	\$ 254,808	\$ 459	\$ 255,267	\$ 205,830	\$ 2,001	\$ 207,831	\$ 47,436	23%
Total expenses (3)	228,067	(3,502)	224,565	194,308	(3,922)	190,386	34,179	18%
Operating income (loss)	26,741	3,961	30,702	11,522	5,923	17,445	13,257	76%
Income (Loss) before income taxes	13,646	3,961	17,607	4,161	5,923	10,084	7,523	75%
Income tax expense (benefit) (4)	2,409	1,386	3,795	2,280	2,073	4,353	(558)	-13%
Net income (loss)	\$ 11,237	\$ 2,575	\$ 13,812	\$ 1,881	\$ 3,850	\$ 5,731	\$ 8,081	141%
Depreciation	5,234	—	5,234	4,200	—	4,200	1,034	25%
Amortization—acquisition related intangibles	5,803	—	5,803	4,803	—	4,803	1,000	21%
Amortization—acquisition related software	5,125	—	5,125	4,507	—	4,507	618	14%
Amortization—other	4,381	—	4,381	3,410	—	3,410	971	29%
Stock-based compensation (5)	4,416	—	4,416	3,774	—	3,774	642	17%
Adjusted EBITDA	\$ 51,700	\$ 3,961	\$ 55,661	\$ 32,216	\$ 5,923	\$ 38,139	\$ 17,522	46%
Earnings per share information								
Weighted average shares outstanding								
Basic (5)	113,907	113,907	113,907	119,505	119,505	119,505		
Diluted (5)	115,977	115,977	115,977	121,502	121,502	121,502		
Earnings per share								
Basic (5)	\$ 0.10	\$ 0.02	\$ 0.12	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.07	153%
Diluted (5)	\$ 0.10	\$ 0.02	\$ 0.12	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.07	152%

- (1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.
- (2) Adjustment for ORCC deferred revenue that would have been recognized in the normal course of business but was not recognized due to GAAP purchase accounting requirements.
- (3) Expense for significant transaction related transactions, including, \$1.4 million for employee related actions, \$0.6 million for data center moves and \$1.5 million for professional and other fees in 2014 and \$2.4 million for employee related actions and \$1.5 million for other professional fees in 2013.
- (4) Adjustments tax effected at 35%.
- (5) All references to share and per share amounts have been retroactively adjusted to reflect the July 10, 2014 three-for-one stock split for all periods presented.

Reconciliation of Operating Free Cash Flow (millions)	Quarter Ended June 30,	
	2014	2013
Net cash provided (used) by operating activities	\$33.1	\$22.7
Payments associated with acquired opening balance sheet liabilities	0.3	—
Net after-tax payments associated with employee-related actions (4)	0.9	2.1
Net after-tax payments associated with lease terminations (4)	0.2	0.2
Net after-tax payments associated with significant transaction related expenses (4)	1.2	1.4
Less capital expenditures	(7.5)	(4.6)
Operating Free Cash Flow	\$28.2	\$21.8



June 30, 2014 Quarterly Results Presentation

July 31, 2014

Private Securities Litigation Reform Act of 1995 Safe Harbor For Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A discussion of these forward-looking statements and risk factors that may affect them is set forth at the end of this presentation. The Company assumes no obligation to update any forward-looking statement in this presentation, except as required by law.



MEETS THE CHALLENGE OF CHANGE

ACI UNIVERSAL
PAYMENTS



QUARTERLY OVERVIEW

Phil Heasley
Chief Executive Officer

Q2 2014 in Review

- SNET bookings up 16%
- Revenue up 24%
- Adjusted EBITDA up 46%
- Continued market interest in Universal Payments
- Pipeline strong across all regions
- Announced acquisition of ReD
- Reiterating organic guidance



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FINANCIAL REVIEW

Scott Behrens
Chief Financial Officer

Key Takeaways from the Quarter

- Sales Bookings
 - Q2 new sales bookings up 16%, or 14% excluding contribution from Official Payments
- Backlog
 - 12-month backlog of \$885 million, up \$2 million from Q1 2014
 - 60-month backlog of \$3.92 billion, up \$14 million from Q1 2014
- Revenue Growth
 - Non-GAAP revenue growth of 23%, or 4% organically
 - Revenue increase driven from inclusion of Official Payments and strong execution
 - SaaS subscription and transaction revenues up 58% over prior year quarter representing 42% of total revenue
 - Recurring revenue grew to \$191 million, or 75% of total revenue



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Key Takeaways from the Quarter

- Operating Expense
 - Operating expense increase driven primarily from inclusion of OPAY operations
 - OPAY contributed \$33 million to Q2 operating expense
 - Incurred \$4 million of expenses related to significant transaction related expenses
- Operating Income and EBITDA
 - Non-GAAP operating income of \$31 million grew 76% from Q2 last year
 - Adjusted EBITDA of \$56 million grew 46% from Q2 last year
- Operating Free Cash Flow
 - Operating free cash flow of \$28 million, up 29% over Q2 last year
- Debt and Liquidity
 - Ended quarter with \$55 million in cash and \$753 million in debt
- Acquisition of ReD announced July 21, 2014
 - Purchase price of \$205 million cash; financed with existing credit facility and an incremental term loan
 - Expected to close mid Q3 and contribute \$18 million in revenue and \$4 million in EBITDA during remainder of 2014



2014 Guidance

Key Metrics	2014 Guidance	
	Low	High
Non-GAAP Revenue	\$1,060	\$1,080
Adjusted EBITDA	\$290	\$300

\$s in millions

- Guidance
 - Sales, net of term extensions to grow in the upper single digits
 - Revenue and margin phasing by quarter consistent with seasonal history
 - Q3 non-GAAP revenue expected to be in the range of \$250 - \$260 million
- Notes
 - We will update guidance for the ReD acquisition upon closing
 - These metrics exclude approximately \$15 million in one-time integration related expenses and include \$2 million for the deferred revenue adjustments
 - Guidance assumes estimates for non-cash purchase accounting adjustments, intangible valuations and deferred revenue adjustment



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APPENDIX

Monthly Recurring Revenue

Monthly Recurring Revenue (millions)	Quarter Ended	
	June 30,	
	2014	2013
Monthly Software license fees	\$23.0	\$21.9
Maintenance fees	62.3	57.8
Processing services	105.6	68.6
Monthly Recurring Revenue	\$190.9	\$148.3



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Historic Sales Bookings By Quarter 2012-2014

Quarter-End	Total Economic Value of Sales	Sales Mix by Category		
		New Accounts / New Applications	Add-on Business inc. Capacity Upgrades & Services	Term Extension
3/31/2012	\$108,462	\$5,958 5%	\$58,602 54%	\$43,902 40%
6/30/2012	\$156,188	\$9,855 6%	\$102,417 66%	\$43,916 28%
9/30/2012	\$192,310	\$23,802 12%	\$102,576 53%	\$65,932 34%
12/31/2012	\$309,143	\$52,206 12%	\$145,917 53%	\$111,020 34%
3/31/2013	\$111,588	\$5,778 5%	\$70,736 63%	\$35,074 31%
6/30/2013	\$180,107	\$33,717 19%	\$95,461 53%	\$50,929 28%
9/30/2013	\$211,827	\$42,345 20%	\$105,609 50%	\$63,874 30%
12/31/2013	\$384,322	\$45,846 12%	\$200,748 52%	\$137,729 36%
3/31/2014	\$170,212	\$36,928 22%	\$84,974 50%	\$48,311 28%
6/30/2014	\$234,346	\$44,321 19%	\$106,056 45%	\$83,969 36%

	Sales	New Accounts / New Applications	Add-on Business inc. Capacity Upgrades & Services	Term Extension
JUN YTD 14	\$404,558	\$81,248	\$191,030	\$132,280
JUN YTD 13	\$291,695	\$39,495	\$166,197	\$86,003
Variance	\$112,863	\$41,753	\$24,833	\$46,277



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Sales Bookings, Net of Term Extensions (SNET)

Sales Net of Term Extensions			
Channel	Qtr Ended Jun 14	Qtr Ended Jun 13	% Growth or Decline
Americas	\$97,188	\$82,376	18.0%
EMEA	36,361	28,542	27.4%
Asia-Pacific	16,827	18,260	-7.8%
Total Sales (Net of Term Ext.)	\$150,377	\$129,178	16.4%



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Non-GAAP Operating Income

Non-GAAP Operating Income (millions)	Quarter Ended June 30,	
	2014	2013
Operating income	\$26.7	\$11.5
Plus:		
Deferred revenue fair value adjustment	0.5	2.0
Employee related actions	1.4	2.4
Significant transaction related expenses	2.1	1.5
Non-GAAP Operating Income	\$ 30.7	\$ 17.4



Adjusted EBITDA

Adjusted EBITDA (millions)	Quarter Ended June 30,	
	2014	2013
Net income	\$11.2	\$1.9
Plus:		
Income tax expense	2.4	2.3
Net interest expense	9.2	5.8
Net other expense	3.9	1.5
Depreciation expense	5.2	4.2
Amortization expense	15.3	12.7
Non-cash compensation expense	4.4	3.8
Adjusted EBITDA	\$51.6	\$32.2
Deferred revenue fair value adjustment	0.5	2.0
Employee related actions	1.4	2.4
Significant transaction related expenses	2.1	1.5
Adjusted EBITDA excluding significant transaction related expenses	\$ 55.6	\$ 38.1



Operating Free Cash Flow

Reconciliation of Operating Free Cash Flow (millions)	Quarter Ended June 30,	
	2014	2013
Net cash provided (used) by operating activities	\$33.1	\$22.7
Payments associated with acquired opening balance sheet liabilities	0.3	-
Net after-tax payments associated with employee- related actions	0.9	2.1
Net after-tax payments associated with lease terminations	0.2	0.2
Net after-tax payments associated with significant transaction related expenses	1.2	1.4
Less capital expenditures	(7.5)	(4.6)
Operating Free Cash Flow	\$28.2	\$21.8

* Tax effected at 35%



MEETS THE CHALLENGE OF CHANGE



60-Month Backlog

Backlog 60-Month (millions)	Quarter Ended	
	June 30, 2014	June 30, 2013
Americas	\$2,874	\$2,117
EMEA	765	691
Asia/Pacific	285	276
Backlog 60-Month	\$3,924	\$3,084
Deferred Revenue	\$190	\$209
Other	3,734	2,875
Backlog 60-Month	\$3,924	\$3,084



Backlog as a Contributor of Quarterly Revenue

Backlog as Contributor of Revenue (thousands)	Quarter Ended June 30,		% Growth
	2014	2013	
Revenue from Backlog	\$ 244,240	\$ 188,291	29.7%
Revenue from Sales	10,568	17,539	-39.7%
Total Revenue	\$ 254,808	\$ 205,830	23.8%
Revenue from Backlog	96%	91%	
Revenue from Sales	4%	9%	

- Backlog from monthly recurring revenues and project go-lives continues to drive current quarter GAAP revenue
- Revenue from current quarter sales consistent with prior quarters



Non-Cash Compensation, Acquisition Intangibles and Software, and Significant Transaction Related Expenses

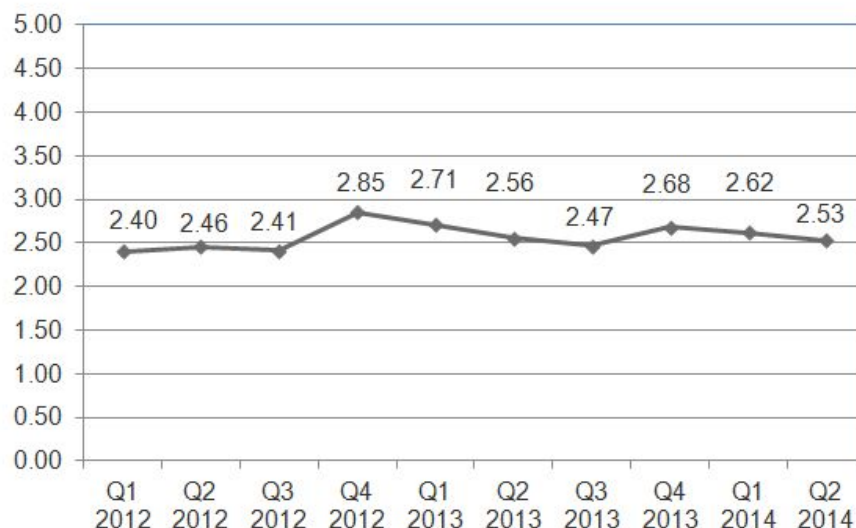
Acquisition Intangibles & Software, Non-cash equity based compensation (millions)	Quarter Ended			
	June 30,			
	2014		2013	
	EPS Impact	\$ in Millions (Net of Tax)	EPS Impact	\$ in Millions (Net of Tax)
Significant transaction related expenses	\$ 0.02	\$ 2.3	\$ 0.02	\$ 2.5
Deferred revenue fair value adjustment	0.01	0.3	0.01	1.3
Amortization of acquisition-related intangibles	0.03	3.8	0.03	3.1
Amortization of acquisition-related software	0.03	3.3	0.02	3.0
Non-cash equity-based compensation	0.02	2.9	0.02	2.5
Total	\$ 0.11	\$ 12.6	\$ 0.10	\$ 12.4

* Tax Effected at 35%

All references to per share amounts have been retroactively adjusted to reflect the July 10, 2014 three-for-one stock split for all periods presented.



Contract Duration Metric



- Represents dollar average remaining contract life (in years) for term license software contracts
- Excludes perpetual contracts (primarily heritage S1 licensed software contracts)
- Excludes all hosted contracts as both cash and revenue are ratable over the contract term



Non-GAAP Financial Measures

To supplement our financial results presented on a GAAP basis, we use the non-GAAP measure indicated in the tables, which exclude certain business combination accounting entries related to the acquisitions of ORCC and S1 and significant transaction related expenses, as well as other significant non-cash expenses such as depreciation, amortization and share-based compensation, that we believe are helpful in understanding our past financial performance and our future results. The presentation of these non-GAAP financial measures should be considered in addition to our GAAP results and are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management generally compensates for limitations in the use of non-GAAP financial measures by relying on comparable GAAP financial measures and providing investors with a reconciliation of non-GAAP financial measures only in addition to and in conjunction with results presented in accordance with GAAP. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. Certain non-GAAP measures include:

- Non-GAAP revenue: revenue plus deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements. Non-GAAP revenue should be considered in addition to, rather than as a substitute for, revenue.
- Non-GAAP operating income: operating income (loss) plus deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements and significant transaction related expenses. Non-GAAP operating income should be considered in addition to, rather than as a substitute for, operating income (loss).
- Adjusted EBITDA: net income (loss) plus income tax expense, net interest income (expense), net other income (expense), depreciation, amortization and non-cash compensation, as well as deferred revenue that would have been recognized in the normal course of business by S1 and Online Resources if not for GAAP purchase accounting requirements and significant transaction related expenses. Adjusted EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).



Non-GAAP Financial Measures

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

ACI also includes backlog estimates, which include 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.



Non-GAAP Financial Measures

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

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

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

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



Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as “believes,” “ will,” “expects,” “anticipates,” “intends,” and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this presentation include, but are not limited to, statements regarding:

- continued market interest in Universal Payments;
- strong sales pipeline;
- Expectations relating to the timing of the close of ReD and the revenue and EBITDA contributions during the remainder of 2014.
- expectations regarding 2014 financial guidance related to revenue and adjusted EBITDA;
- expectations regarding full year SNET; and
- expectations regarding Q3 2014 revenue.



Forward-Looking Statements

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, increased competition, the performance of our strategic product, BASE24-eps, demand for our products, restrictions and other financial covenants in our credit facility, consolidations and failures in the financial services industry, customer reluctance to switch to a new vendor, the accuracy of management's backlog estimates, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, volatility and disruption of the capital and credit markets and adverse changes in the global economy, our existing levels of debt, impairment of our goodwill or intangible assets, litigation, future acquisitions, strategic partnerships and investments, risks related to the expected benefits to be achieved in the transaction with Online Resources, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue generating activity during the final weeks of each quarter, business interruptions or failure of our information technology and communication systems, our offshore software development activities, risks from operating internationally, including fluctuations in currency exchange rates, exposure to unknown tax liabilities, and volatility in our stock price. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K, Registration Statement on Form S-4, and subsequent reports on Forms 10-Q and 8-K.



