

ACI WORLDWIDE, INC.

Form DEF 14A

April 27, 2011

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ACI Worldwide, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

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April 27, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of ACI Worldwide, Inc. to be held on Wednesday, June 15, 2011, at 8:30 a.m. EDT at the company's principal executive offices located at 120 Broadway, Suite 3350, New York, New York 10271.

Details of the business to be conducted at our 2011 Annual Meeting of Stockholders are provided in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

We are pleased to again be using the Internet as our primary means of furnishing proxy materials to our stockholders under the U.S. Securities and Exchange Commission's notice and access rules. Consequently, most stockholders will not receive paper copies of our proxy materials. We instead sent these stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2011 Proxy Statement and our Annual Report and vote via the Internet. The notice also included instructions on how you may receive a paper copy of your proxy materials. If you received your annual meeting materials by mail, your proxy materials, including your proxy card, were enclosed. We believe that use of the notice and access process expedites stockholders' receipt of proxy materials, lowers the costs of our annual meeting and helps to conserve natural resources.

Your vote is very important. Please use this opportunity to take part in the affairs of your company. Whether or not you plan to attend the annual meeting, please vote as soon as possible. You may vote over the Internet, as well as by telephone or, if you requested to receive printed proxy materials, by mailing a completed proxy card. Voting by any of these methods will ensure your representation at the annual meeting.

On behalf of the Board of Directors, we appreciate your continued interest in your company.

Sincerely,

Harlan F. Seymour
Chairman of the Board of Directors

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ACI WORLDWIDE, INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on June 15, 2011**

The 2011 Annual Meeting of Stockholders (the Annual Meeting) of ACI Worldwide, Inc. will be held on Wednesday, June 15, 2011, at 8:30 a.m. EDT at the company s principal executive offices located at 120 Broadway, Suite 3350, New York, New York 10271. We are holding the meeting to:

1. Elect eight directors to our Board of Directors to hold office until the 2012 Annual Meeting of Stockholders;
2. Ratify the appointment of Deloitte & Touche LLP as our independent auditor for the fiscal year ending December 31, 2011;
3. Conduct an advisory vote on executive compensation;
4. Conduct an advisory vote on the frequency of holding future advisory votes on executive compensation; and
5. Transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Our Board of Directors has fixed the close of business on April 18, 2011 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. Each share of our common stock is entitled to one vote on all matters presented at the Annual Meeting.

By Order of the Board of Directors,

Dennis P. Byrnes
Secretary

April 27, 2011

YOUR VOTE IS VERY IMPORTANT

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote over the Internet, as well as by telephone or, if you requested to receive printed proxy materials, by mailing a completed proxy card. For more detailed information regarding how to vote your shares, please refer to the Notice of Internet Availability of Proxy Materials you received in the mail, the section entitled Voting Instructions beginning on page 1 of the Proxy Statement, or if you requested to receive printed proxy materials, your enclosed proxy card.

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This Proxy Statement contains a report issued by the Audit Committee relating to certain of its activities during 2010 and a report issued by the Compensation and Leadership Development Committee relating to executive compensation during 2010. Stockholders should be aware that under Securities and Exchange Commission rules, these committee reports are not considered filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and are not incorporated by reference in any past or future filing by the Company under the Securities Exchange Act of 1934 or the Securities Act of 1933, unless specifically referenced.

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ACI WORLDWIDE, INC.

**PROXY STATEMENT
for the
ANNUAL MEETING OF STOCKHOLDERS
to be held on June 15, 2011**

INFORMATION ABOUT THE MEETING, VOTING AND PROXIES

Date, Time and Place of Meeting

This Proxy Statement is being furnished in connection with the solicitation by and on behalf of the Board of Directors (the Board) of ACI Worldwide, Inc. (the Company, we, us or our) of proxies to be used at our 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held on Wednesday, June 15, 2011, at 8:30 a.m. EDT at the Company's principal executive offices located at 120 Broadway, Suite 3350, New York, New York, 10271, and any postponement or adjournment thereof. A copy of our annual report to stockholders, including our annual report on Form 10-K for the fiscal year ended December 31, 2010, which includes our financial statements for 2010 (the Annual Report), accompanies this Proxy Statement. Beginning on or about April 27, 2011, we made this Proxy Statement available to our stockholders.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON JUNE 15, 2011**

**Our Proxy Statement and Annual Report are also available online at
www.proxydocs.com/aciw**

Internet Availability of Proxy Materials

Under the U.S. Securities and Exchange Commission's notice and access rules, we have elected to use the Internet as our primary means of furnishing proxy materials to our stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We instead sent these stockholders a Notice of Internet Availability of Proxy Materials (Internet Availability Notice) containing instructions on how to access this Proxy Statement and our Annual Report and vote via the Internet. The Internet Availability Notice also included instructions on how to receive a paper copy of your proxy materials, if you so choose. If you received your annual meeting materials by mail, your proxy materials, including your proxy card, were enclosed. We believe that this process expedites stockholders' receipt of proxy materials, lowers the costs of our Annual Meeting and helps to conserve natural resources.

Voting Instructions

If your shares are registered directly in your name with our transfer agent, Wells Fargo Bank Minnesota, National Association (Wells Fargo), the Internet Availability Notice was sent directly to you by the Company. The Internet Availability Notice provides instructions on how to request printed proxy materials and how to access your proxy card which contains instructions on how to vote via the Internet or by telephone. For stockholders who receive a paper proxy card, instructions for voting via the Internet or by telephone are set forth on the proxy card. The Internet and telephone voting facilities for stockholders of record will close at 5:00 p.m. EDT on June 13, 2011. If your shares are

held in an account at a brokerage firm, bank, trust or other similar organization, like the vast majority of our stockholders, you are considered the *beneficial owner* of shares held in *street name* and the Internet Availability Notice was forwarded to you by that organization. You will receive instructions from your broker, bank, trustee or other nominee that must be followed in order for your broker, bank, trustee or other nominee to vote your

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shares per your instructions. See the section below entitled **Abstentions and Broker Non-Votes** for additional information regarding the impact of abstentions and broker-non votes on the votes required for each proposal.

Revocability of Proxies

A holder of our common stock who has given a proxy may revoke it prior to its exercise either by giving written notice of revocation to the Secretary of the Company or by giving a duly executed proxy bearing a later date. Attendance in person at the Annual Meeting does not itself revoke a proxy; however, any stockholder who attends the Annual Meeting may revoke a previously submitted proxy by voting in person. If you are a beneficial owner of our shares, you will need to contact your bank, brokerage firm, trustee or other nominee to revoke any prior voting instructions.

Proxy Voting

Subject to any revocation as described above, all common stock represented by properly executed proxies will be voted in accordance with the specifications on the proxy. If no such specifications are made, proxies will be voted as follows:

1. **FOR** the election of all eight director nominees listed below in Proposal 1;
2. **FOR** the ratification of Deloitte & Touche LLP as our independent auditor for the fiscal year ending December 31, 2011;
3. **FOR** the approval, on an advisory basis, of our executive compensation; and
4. **ANNUAL** with respect to the proposal regarding an advisory vote on the frequency of future advisory votes on executive compensation.

As to any other matter that may be brought before the Annual Meeting, proxies will be voted in accordance with the judgment of the person or persons voting the same.

Record Date, Outstanding Shares and Quorum

Only holders of our common stock of record at the close of business on April 18, 2011 (the **Record Date**) are entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, there were 33,422,129 shares of our common stock issued and outstanding, excluding 7,399,387 shares of common stock held as treasury stock by the Company. Shares of common stock held as treasury stock are not entitled to be voted at the Annual Meeting. Each stockholder is entitled to one vote per share of common stock held on all matters to be voted on by our stockholders. Stockholders may not cumulate their votes in the election of directors. Unless the context requires otherwise, any reference to **shares** in this Proxy Statement refers to all shares of common stock entitled to vote at the Annual Meeting. The presence in person or by proxy at the Annual Meeting of the holders of a majority of the issued and outstanding shares entitled to vote at the Annual Meeting shall constitute a quorum.

Proxy Solicitation

The Company will bear the expense of this solicitation of proxies, including the preparation, assembly, printing and mailing of the Internet Availability Notice, this Proxy Statement, the proxy and any additional solicitation material that the Company may provide to stockholders. Copies of the proxy materials and any other solicitation materials will be provided to brokerage firms, banks, fiduciaries and custodians holding shares in their names that are beneficially

owned by others so that they may forward the solicitation material to such beneficial owners. We will reimburse such brokerage firms, banks, fiduciaries and other custodians for the reasonable out-of-pocket expenses incurred by them in connection with forwarding the proxy materials and any other solicitation materials. We have retained Mediant Communications LLC to assist us with the distribution of proxies. The original solicitation of proxies by mail may be supplemented by solicitation by telephone and other means by directors, officers and employees of the Company. No additional compensation will be paid to these individuals for any such services.

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Abstentions and Broker Non-Votes

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, we believe that abstentions should be counted for purposes of determining both (i) the presence or absence of a quorum for the transaction of business and (ii) the total number of shares present in person or by proxy at the Annual Meeting with respect to a proposal (other than the election of directors). In the absence of a controlling precedent to the contrary, we intend to treat abstentions in this manner. The effect of an abstention on the outcome of the voting on a particular proposal depends on the vote required to approve that proposal, as described in the **Vote Required** section below.

Broker non-votes are shares present by proxy at the Annual Meeting and held by brokers or nominees as to which (i) instructions to vote have not been received from the beneficial owners and (ii) the broker or nominee does not have discretionary voting power on a particular matter. If you are a beneficial owner of shares held in *street name* and you do not provide voting instructions to your broker, your shares may be voted on any matter your broker has discretionary authority to vote. Under the rules that govern brokers who are voting with respect to shares held in *street name*, brokers generally have discretionary authority to vote on routine matters, but not on non-routine matters. The ratification of the appointment of an independent registered public accounting firm (the independent auditor) (Proposal 2) is considered a routine matter. Non-routine matters include the election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3) and the advisory vote on the frequency of future advisory votes on executive compensation (Proposal 4). We encourage you to provide instructions to your broker or other nominee regarding voting your shares. On any matter for which your broker or other nominee does not vote on your behalf, the shares will be treated as broker non-votes.

Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting, but broker non-votes will not be counted for purposes of determining the number of shares present in person or by proxy at the Annual Meeting with respect to a particular proposal on which the broker has expressly not voted.

Board Voting Recommendations

Our Board recommends that you vote your shares **FOR** the election of each of the eight director nominees listed in Proposal 1 below, **FOR** the ratification of Deloitte & Touche LLP as our independent auditor for the fiscal year ending December 31, 2011 (Proposal 2); **FOR** the proposal regarding an advisory vote on executive compensation (Proposal 3) and with respect to Proposal 4, the frequency of future advisory votes on executive compensation, our Board recommends an **ANNUAL** advisory vote.

Vote Required

Election of a director requires the affirmative vote of the holders of a plurality of the shares present in person or represented by proxy at a meeting at which a quorum is present. The eight persons receiving the greatest number of votes at the Annual Meeting shall be elected as directors. Since only affirmative votes count for this purpose, abstentions and broker non-votes will not affect the outcome of the voting on this proposal.

With respect to Proposal 2, the ratification of the appointment of our independent registered public accounting firm (the independent auditor) for the fiscal year ending December 31, 2011 and Proposal 2, the advisory vote on executive compensation, a stockholder may mark the accompanying form of proxy card to (i) vote for the matter, (ii) vote against the matter, or (iii) abstain from voting on the matter. With respect to Proposal 4, the advisory vote on the frequency of future advisory votes on executive compensation, a stockholder may mark the accompanying form of proxy card to vote for future votes (i) every three years, (ii) every two years, (iii) every year, or (iv) abstain from

voting on the matter. The affirmative vote of a majority of the shares represented at the Annual Meeting and actually voting on Proposal 2, Proposal 3 and Proposal 4 is required for the approval of the respective proposal. Because only a majority of shares actually voting is required to approve Proposal 2, Proposal 3 and Proposal 4, abstentions and broker non-votes will have no effect on the outcome of the voting on any of these proposals.

The inspector of election appointed for the Annual Meeting will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

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Voting Results

We will announce the preliminary voting results at the conclusion of the Annual Meeting. The final voting results will be tallied by the inspector of election and published in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission (the SEC) within four business days following the Annual Meeting.

CORPORATE GOVERNANCE

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving stockholders well and maintaining our integrity in the marketplace. Our Board has a standing Nominating and Corporate Governance Committee (the Corporate Governance Committee) which operates pursuant to a charter. The full text of the Nominating and Corporate Governance Committee charter is published on our website at www.aciworldwide.com in the Who We Are Investor Relations Corporate Governance section. During 2010, the members of the Corporate Governance Committee consisted of Messrs. Curtis, Seymour and Stokely, each of whom is independent as defined in Rule 5605(a)(2) of The NASDAQ Stock Market (NASDAQ) listing standards.

The Corporate Governance Committee regularly monitors corporate governance developments and reviews our policies, processes and procedures in light of these developments to ensure that the Company and our Board adhere to best practices in this arena. The Corporate Governance Committee also provides advice to our Board with respect to:

- Board organization, membership and function;
- compensation of our directors, including their compensation for service on committees of our Board;
- director stock ownership guidelines;
- Board committee structure, membership and purpose;
- our Corporate Governance Guidelines;
- oversight of our policies and positions regarding significant stockholder relations issues;
- evaluation of, and successor planning for, our Chief Executive Officer (CEO); and
- other matters relating to corporate governance and the rights and interests of our stockholders.

Corporate Governance Guidelines

Our Corporate Governance Guidelines are designed to ensure that our Board follows practices and procedures that serve our best interests and the best interests of our stockholders. The full text of our Corporate Governance Guidelines is published on our website at www.aciworldwide.com in the Who We Are Investor Relations Corporate Governance section. The Corporate Governance Committee is responsible for overseeing these guidelines and making recommendations to our Board regarding any changes. These guidelines address, among other things, the following topics:

- performance assessments of our Board and its committees;
- composition and independence of our Board and its committees;

director orientation and continuing education;
policy on directors that change corporate affiliations; and
management responsibilities and Board access to management.

Code of Business Conduct and Code of Ethics

We have adopted a Code of Business Conduct and Ethics for our directors, officers (including our principal executive officer, principal financial officer, principal accounting officer and controller) and employees. We have

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also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (the Code of Ethics), which applies to our Chief Executive Officer, our Chief Financial Officer, our Chief Accounting Officer, Controller, and persons performing similar functions. The full text of both the Code of Business Conduct and Ethics and the Code of Ethics is published on our website at www.aciworldwide.com in the Who We Are Investor Relations Corporate Governance section. We will disclose amendments to, or waivers of, certain provisions of the Code of Business Conduct and Ethics and the Code of Ethics relating to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller or persons performing similar functions on our website promptly following the adoption of any such amendment or waiver.

Director Independence and Meeting Attendance

The Company is governed by our Board of Directors. In accordance with our Corporate Governance Guidelines, at least a majority of our Board must consist of independent directors. For a director to be considered independent, our Board must determine that the director does not have any direct or indirect material relationship with the Company. Our Board has established guidelines to assist it in determining director independence, which conform to the independence requirements in the NASDAQ listing standards. In addition to applying these guidelines, our Board considers all relevant facts and circumstances in making an independence determination. With the exception of Mr. Heasley, our President and Chief Executive Officer, each of our directors is independent.

All members of the Board's standing Audit Committee, Compensation and Leadership Development Committee and Nominating and Corporate Governance Committee must be independent directors as defined by our Corporate Governance Guidelines. Members of the Audit Committee must also satisfy a separate SEC independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than their directors' compensation.

Our Board held nine meetings during 2010 with four of the Board meetings conducted as telephonic meetings. All of our directors attended 100% of the meetings of the Board and the Board committees on which they served. Our Board has adopted a policy that requires all directors to attend our annual meetings of stockholders unless it is not reasonably practicable for a director to do so. All of the directors serving as of June 9, 2010 attended our 2010 Annual Meeting of Stockholders.

Board Committees and Committee Meetings

Our Board has standing Audit, Compensation and Leadership Development, Nominating and Corporate Governance and Strategy, Technology and Process Committees. The Audit Committee assists our Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent auditor. Additional information regarding the Audit Committee of our Board (the Audit Committee) is included in the Report of the Audit Committee below.

The Compensation and Leadership Development Committee (the Compensation Committee) reviews and determines salaries, performance-based incentives and other matters relating to executive compensation; generally administers our equity award and stock option plans, including reviewing and granting stock options and other equity awards to our executive officers, but excluding the grant of stock option and other equity awards, if any, to independent directors; reviews and evaluates the performance of, and succession planning for, executive officers other than our CEO; and provides general oversight over leadership development processes and strategies for executive and senior officers. The Compensation Committee also reviews and determines various other Company compensation policies and matters. Additional information regarding the Compensation Committee of our Board is included in the Compensation Discussion and Analysis section below.

The Nominating and Corporate Governance Committee (the Corporate Governance Committee) reviews and reports to our Board on a periodic basis with regard to matters of corporate governance and assists our Board in fulfilling its responsibilities to assure that we are governed in a manner consistent with the interests of our stockholders. Additional information regarding the Corporate Governance Committee is included in the Corporate Governance section above.

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The Strategy, Technology and Process Committee (the Technology Committee) reviews and provides oversight of, and counsel on, matters relating to technology and innovation and assists our Board in its guidance of our technology strategies and our operations strategies and key initiatives required to achieve our five-year strategic plan. The Technology Committee consists of Board members and may also consist of management personnel. Members of the Technology Committee are recommended by the Corporate Governance Committee and appointed by our Board.

The table below provides meeting information for our Board and each of its committees during 2010:

	Full		Compensation and Leadership	Nominating and Corporate Governance	Strategy, Technology and Process
Type of Meeting	Board	Audit	Development	Governance	
In Person	5	4	4	4	4
Telephonic	4	4	5	0	1
Total Meetings in 2010	9	8	9	4	5

The table below provides membership information for each of the Board committees during 2010:

Name	Audit	Compensation and Leadership Development	Nominating and Corporate Governance	Strategy, Technology and Process(2)
Alfred R. Berkeley, III	X			X
John D. Curtis			Chair	
James C. McGroddy				Chair
Harlan F. Seymour		X	X	
John M. Shay, Jr.	X	Chair		
John E. Stokely	Chair		X	
Jan H. Suwinski		X		X(1)

(1) Mr. Suwinski was appointed to the Technology Committee on March 17, 2010.

(2) Effective as of March 7, 2011, Mr. Heasley also serves as a member of the Strategy, Technology and Process Committee.

Board Leadership Structure

Our Board has determined that having an independent director serve as the Chairman of the Board is in the best interests of our stockholders. Our Chairman of the Board is Harlan F. Seymour. Our President and CEO, Mr. Heasley, is the only member of our Board who is not an independent director. We believe that this leadership structure enhances the accountability of our President and CEO to the Board and strengthens the Board's independence from management. While both leaders are actively engaged on significant matters affecting the Company, such as long-term strategy, we believe splitting these leadership positions enables Mr. Heasley to focus his efforts on running

our business and managing the Company while permitting Mr. Seymour to focus more on the governance of the Company, including oversight of our Board.

Board's Role in Risk Oversight

Although management is responsible for the day-to-day management of risks to the Company, our Board provides broad oversight of the Company's risk management programs. In this oversight role, our Board is responsible for satisfying itself that the risk management processes designed and implemented by the Company's management are functioning and that the systems and processes in place will bring to its attention the material risks facing the Company in order to permit the Board to effectively oversee the management of these risks. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of our full Board in the risk oversight process allows our Board to assess management's appetite for risk and also determine what constitutes an appropriate level of risk for the Company. Our Board

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regularly includes agenda items at its meetings relating to its risk oversight role and meets with various members of management on a range of topics, including corporate governance and regulatory obligations, operations and significant transactions, business continuity planning, succession planning, risk management, insurance, pending and threatened litigation and significant commercial disputes.

While our Board provides broad oversight of the Company's risk management processes, various committees of the Board oversee risk management in their respective areas and regularly report on their activities to our entire Board. In particular, the Audit Committee focuses on assessing and mitigating financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. The Compensation Committee also strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy. The Technology Committee concentrates on the Company's technology strategies and reviews the scope, direction, quality, investment levels and execution of such strategies as well as strategic transactions primarily relating to technology, and considers the level of risk associated with the technology strategies formulated by management.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing the Company and that our Board leadership structure provides appropriate checks and balances against undue risk taking.

Compensation Risk Analysis

We have reviewed our material compensation policies and practices for all employees and have concluded that these policies and practices are not reasonably likely to have a material adverse effect on the Company. While risk-taking is a necessary part of growing a business, our compensation philosophy, as discussed below in the section entitled

Compensation Discussion and Analysis, is focused on aligning compensation with the long-term interests of our stockholders as opposed to rewarding short-term management decisions that could pose long-term risks. Specifically, our compensation programs contain many design features that mitigate the likelihood of inducing excessive risk-taking behavior. These features and characteristics include, without limitation:

- a balance of fixed and variable compensation, with variable compensation tied both to short-term objectives and the long-term value of our stock price;

- the use of performance shares with specific performance goals combined with stock options for equity awards which we believe balances risk incentives;

- reasonable goals and objectives in our incentive programs and the use of company-wide metrics which encourages decision-making that is in the best long-term interests of our stockholders;

- the Compensation Committee's ability to exercise downward discretion in determining incentive program payouts;

- recoupment and forfeiture provisions pertaining to annual incentive payouts and long-term incentive equity awards which provisions are applicable to all employees, including our executive officers;

- share ownership guidelines applicable to our executive officers;

- all executives and senior management employees worldwide participate in the same annual incentive program that pertains to our Named Executive Officers (as defined in the Compensation Discussion and Analysis section below) and that has been approved by the Compensation Committee;

the use of time-based vesting over three or four years for our stock options ensures that our executives' interests align with those of our stockholders over the long term;

the use of a three-year performance period for our performance shares ensures that our executives focus on the long-term performance of the Company; and

annual equity grants so executives have unvested awards that could decrease significantly in value if our business is not managed for the long term.

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Director Nomination Process

The role of the Corporate Governance Committee includes identifying, evaluating and recommending director candidates to our Board. The Corporate Governance Committee continues to consider director candidates and generally seeks independent directors with broad diversity of experience, skills, particular areas of expertise, geographic representations, specific backgrounds and other characteristics that may enhance the effectiveness of our Board and its committees and the quality of the Board's deliberations and decisions. The Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Prospective nominees are not discriminated against on the basis of age, gender, race, religion, national origin, sexual orientation, disability or any other.

In addition, the Corporate Governance Committee takes into consideration the following criteria in selecting and evaluating director candidates:

Independent Directors. Our Board should include at least enough independent directors (as determined by NASDAQ rules and applicable laws and regulations) to satisfy the independent director requirements of such rules, laws and regulations.

Other Directors. Subject to the right of the Corporate Governance Committee and our Board to decide otherwise when appropriate, our CEO generally should be a director. Additionally, depending on the circumstances, certain other members of management, as well as individuals having relationships with the Company that prevent them from being independent directors, may be deemed to be appropriate members of our Board.

General Criteria for Each Director. Candidates for positions on our Board should possess certain qualities. In particular, a director should:

be an individual of the highest character and integrity;

be free of any conflict of interest that would violate any applicable laws, rules, or regulations or interfere with the proper performance of the responsibilities of a director;

be willing and able to devote sufficient time to the affairs of the Company;

have the capacity and desire to represent the balanced, best interests of our stockholders as a whole; and

bring diverse perspectives to our Board as well as sound business acumen.

All of the current nominees for director are incumbent directors serving on our existing Board. The Corporate Governance Committee based its decision to re-nominate these incumbent directors on its consideration of each individual's contributions, including the value of his experience as a director, the current composition of our Board and its committees and the Company's needs.

Stockholder Recommendations for Director Nominees

The Corporate Governance Committee considers stockholder recommendations for candidates for our Board furnished to the Company as set forth below in the section entitled "Stockholder Communications with our Board."

The Corporate Governance Committee did not receive, by a date not later than the 120th calendar day before the date we released our proxy statement to our stockholders in connection with our 2010 Annual Meeting of Stockholders, a recommended nominee for election at this Annual Meeting, from a stockholder that beneficially owned more than 5% of our outstanding common stock for at least one year as of the date the recommendation was made, or from a group of security holders that beneficially owned, in the aggregate, more than 5% of our outstanding common stock, with each of the securities used to calculate that ownership held for at least one year as of the date the recommendation was made.

Stockholder Nomination Process

Pursuant to our Bylaws, as amended, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's

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intent to make such nomination or nominations has been received by the Secretary of the Company not less than 90 calendar days nor greater than 120 calendar days prior to the first anniversary of the date of the immediately preceding year's annual meeting of stockholders.

Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination and of the beneficial owner, if any, on whose behalf the nomination is made; (ii) a representation that the stockholder is a holder of record of our common stock entitled to vote for the election of directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) the class and number of shares owned beneficially and of record by the stockholder giving 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 the stockholder, the beneficial owner on whose behalf the notice is given and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by our Board; (vi) the consent of each nominee to serve as a director of the Company if so elected; and (vii) whether the stockholder, or the beneficial owner on whose behalf the nomination is made, intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of our common stock entitled to vote required to elect the nominee(s).

In addition to the name and address of the stockholder making the nomination, as they appear on the Company's books, the notice must also include the name and principal business address of all (A) persons controlling, directly or indirectly, or acting in concert with, such stockholder, (B) beneficial owners of shares of stock of the Company owned of record or beneficially by such stockholder (with the term *beneficial ownership* as used herein to have the meaning given to that term in Rule 13d-3 under the Securities Exchange Act (the Exchange Act)) and (C) persons controlling, controlled by, or under common control with, any person specified in the foregoing clause (A) or (B) (with the term *control* as used herein to have the meaning given to that term in Rule 405 under the Securities Act of 1933, as amended) (any such person or beneficial owners set forth in the foregoing clauses (A), (B) and (C) shall be a *Stockholder Associated Person* for purposes of our Bylaw 14(c)).

The stockholder notice must also disclose (i) any derivative positions related to any class or series of securities of the Company held or beneficially held by the stockholder and each Stockholder Associated Person (as defined above); and (ii) whether and the extent to which any hedging, swap or other transactions or series of transactions have been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss to, or manage risk of stock price changes for, or to increase the voting power of, the stockholder or any Stockholder Associated Person with respect to any shares of stock of the Company.

If the Board so requires, to be eligible to be a nominee for election or re-election as a director of the Company, a person must deliver (in accordance with the time periods prescribed for delivery of notice) to the Secretary at the principal executive offices of the Company, a written questionnaire with respect to the identity, background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a *Voting Commitment*) that has not been disclosed to the Company or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect

compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed in the questionnaire, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply, with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company.

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The Secretary of the Company did not receive written notice from any stockholder regarding an intention to make a nomination.

Stockholder Communications with our Board

Communications from stockholders to our Board, including stockholder director recommendations as well as stockholder proposals submitted in accordance with the procedure described below in the section entitled Stockholder Proposals, may be delivered to the Secretary of the Company at the Company's principal executive office located at 120 Broadway, Suite 3350, New York, New York 10271, sent via e-mail to grp-ACI-directors@aciworldwide.com or via telephone to (402) 778-2183. These communications will be received by the Secretary of the Company, who will forward them to the appropriate members of our Board.