ACI WORLDWIDE, INC.
Form DEF 14A
April 28, 2016
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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 x 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))**

x 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 28, 2016

Dear Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders of ACI Worldwide, Inc. to be held on Tuesday, June 14, 2016, at 8:30 a.m. EDT at the company s offices located at 880 Winter Street, Suite 110, Waltham, Massachusetts 02451.

Details of the business to be conducted at our 2016 Annual Meeting of Stockholders are provided in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

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,

David A. Poe
Chairman of the Board of Directors

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ACI WORLDWIDE, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held on June 14, 2016

The 2016 Annual Meeting of Stockholders (the Annual Meeting) of ACI Worldwide, Inc. will be held on Tuesday, June 14, 2016, at 8:30 a.m. EDT at the company s offices located at 880 Winter Street, Suite 110, Waltham, Massachusetts 02451. We are holding the meeting to:

1. Elect the ten directors named in the accompanying proxy statement to our Board of Directors to hold office until the 2017 Annual Meeting of Stockholders;

2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;

3. Conduct an advisory vote on executive compensation;

4. Approve our 2016 Equity and Incentive Plan; 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, 2016 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 28, 2016

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 2015 and a report issued by the Compensation and Leadership Development Committee relating to executive compensation during 2015 and 2016. 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 14, 2016

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 2016 Annual Meeting of Stockholders (the Annual Meeting) to be held on June 14, 2016, at 8:30 a.m. EDT at the Company s offices located at 880 Winter Street, Suite 110, Waltham, Massachusetts 02451, 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, 2015, which includes our audited consolidated financial statements for 2015 (the Annual Report), accompanies this Proxy Statement. Beginning on or about April 28, 2016, 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 14, 2016

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 Shareowner Services (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, 2016. 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

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nominee to vote your 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 ten director nominees listed below in Proposal 1;

2. **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;

3. **FOR** the approval, on an advisory basis, of our executive compensation; and

4. **FOR** the approval of the 2016 Equity and Performance Incentive Plan.

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, 2016 (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 116,523,330 shares of our common stock issued and outstanding, excluding 24,001,725 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

Abstentions will be counted for purposes of determining the presence or absence of a quorum. 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 (Proposal 2) is considered a routine matter. Non-routine matters include the election of directors (Proposal 1) and the advisory vote on executive compensation (Proposal 3) and approving the 2016 Equity and Performance Incentive Plan (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 ten director nominees listed in Proposal 1 below, **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 (Proposal 2), **FOR** the proposal regarding an advisory vote on executive compensation (Proposal 3) and **FOR** the proposal to approve the 2016 Equity and Performance Incentive Plan (Proposal 4).

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 ten 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 for the fiscal year ending December 31, 2016 and Proposal 3, the advisory vote on executive compensation, and Proposal 4, approving the 2016 Equity and Performance Incentive Plan 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. Because only a majority of shares actually voting is required to approve Proposal 2, Proposal 3 and Proposal 4, broker non-votes will have no effect on the outcome of the voting on any of these proposals. Abstentions will have the effect of a vote against Proposal 2, Proposal 3 and Proposal 4.

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

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.

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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 Corporate Governance Committee charter is published on our website at *www.aciworldwide.com* in the About ACI Investor Relations Corporate Governance section. The members of the Corporate Governance Committee consist of Ms. Estep and Messrs. McGroddy, Sanchez and Suwinski, each of whom is independent as defined in Rule 5605(a)(2) of The NASDAQ Stock Market (NASDAQ) listing standards.

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; oversight of our policies and positions regarding significant stockholder relations issues;
- evaluation of the performance of 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 About ACI 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;
- 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 and employees. We have also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (the Code of Ethics), which applies to our Chief Executive Officer, our Chief Financial Officer, our Chief Accounting Officer, Controller, and persons performing similar functions. The full text of both the Code of Business Conduct and Ethics and the Code of Ethics is published on our website at *www.aciworldwide.com* in the About ACI 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

In accordance with our Corporate Governance Guidelines, at least two-thirds of directors must be independent. 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 With the exception of Mr. Heasley, our President and Chief Executive Officer, each of our directors is independent.

Our Board held 11 meetings during 2015, with six of the meetings conducted as telephonic meetings. All of our directors attended at least 90% 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 standing for election at our 2015 Annual Meeting of Stockholders attended that meeting.

Board Committees and Committee Meetings

Our Board has the following standing committees: Audit; Compensation and Leadership Development; Nominating and Corporate Governance; and Risk. Until March 2015, our Board also had a Strategy, Technology and Process Committee.

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 registered public accounting firm. 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; 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 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.

The Risk Committee (the Risk Committee) reviews, evaluates and approves our risk management framework, reviews the extent to which management has established effective enterprise risk management across the organization, and reviews and discusses with management our most significant risks and the steps management has taken to monitor and control those risks.

The Strategy, Technology and Process Committee (the Technology Committee) reviewed and provided oversight of, and counsel on, matters relating to technology and innovation and assisted 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 Board determined that these functions are addressed by the Board as a whole and eliminated the Technology Committee in March 2015.

The table below provides meeting information for our Board and each of its committees during 2015:

Type of Meeting	Full Board	Audit	Compensation and Leadership Development	Nominating and Corporate Governance	Risk	Strategy, Technology and Process*
In Person	5	5	4	5	5	1
Telephonic	6	4	5	6	0	0
Total Meetings in 2015	**11**	**9**	**9**	**11**	**5**	**1**

* Until March 2015

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

Name	Audit	Compensation and Leadership Development	Nominating and Corporate Governance	Risk
Janet O. Estep		X	X	
James C. Hale	X			Chair
James C. McGroddy			Chair	X
Charles E. Peters, Jr.	X			X
David A. Poe, Chairman of the Board				
Adalio T. Sanchez		X	X	
John M. Shay, Jr.	Chair			X
Jan H. Suwinski		Chair	X	
Thomas W. Warsop III	X	X		
Philip G. Heasley				

Board Leadership Structure

Mr. Poe is currently the Chairman of the Board. 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. Messrs. Poe and Heasley attend committee meetings in an ex-officio capacity.

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 mitigate 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 tolerance for risk and also determine what constitutes an appropriate level of risk for the Company.

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 Risk Committee focuses on reviewing, evaluating and approving the Company s risk management profile, reviewing the extent to which management has established effective enterprise risk management across the organization, and reviewing and discussing with management the Company s most significant risks and the steps management has taken to monitor and control those risks. 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 an appropriate level of risk-taking behavior consistent with the Company s business strategy.

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.

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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 long-term objectives;
- the use of performance shares with specific performance goals combined with stock options for equity awards which we believe balances risk incentives;
- the Compensation Committee s ability to exercise downward discretion in determining incentive program payouts;
- a recoupment and forfeiture policy 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;
- the use of time-based vesting for our stock options ensures that our executives interests align with those of our stockholders over the long term; and
- 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.

Director Nomination Process

The Corporate Governance Committee identifies, evaluates and recommends director candidates to our Board. The Corporate Governance Committee considers director candidates submitted to it in writing by stockholders as well as recommendations from third-party search firms, current directors and others.

The Corporate Governance Committee has no specific policy on diversity and 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 reason. In addition, the Corporate Governance Committee takes into consideration the criteria described below in **PROPOSAL 1 ELECTION OF DIRECTORS**.

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 Secretary of the Company did not receive, by a date not less than 90 calendar days nor greater than 120 calendar days prior to the first anniversary of the date of our 2015 Annual Meeting of Stockholders, a recommended director nominee for election at this Annual Meeting from any eligible stockholder.

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 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.

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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 3520 Kraft Rd, Suite 300, Naples, Florida 34105, 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.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board has nominated for election as directors Janet O. Estep, James C. Hale, Philip G. Heasley, James C. McGroddy, Charles E. Peters, Jr., David A. Poe, Adalio T. Sanchez, John M. Shay, Jr., Jan H. Suwinski, and Thomas W. Warsop III, each to serve until the 2017 Annual Meeting of Stockholders and thereafter, until his or her respective successor is duly elected and qualified. We expect that each of the nominees will be available for election, but if any of them is unwilling or unable to serve as a candidate at the time the election occurs, it is intended that each share represented by proxy at the Annual Meeting will be voted for the election of another nominee to be designated by the Board to fill any such vacancy.

Our Board selects nominees with a view to establishing a Board of Directors that is comprised of members who:

- demonstrate the highest character and integrity;
- are independent and free of any conflicts of interest;
- are 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; and
- bring diverse perspectives to our Board as well as sound business acumen.

We believe that each of the director nominees bring these qualifications to our Board. Moreover, they provide our Board with a diverse complement of specific business skills, experience and perspectives, including: extensive financial and accounting expertise, public company board experience, understanding of and experience in technology and software industries, experience with companies with a global presence and those that have high-growth strategies, and extensive operational and strategic planning experience in complex, global companies.

Listed below are key skills and experience that we consider important for our directors to have in light of our current business and structure.

- *Senior Leadership Experience.* Directors who have served in senior leadership positions are important to us, as they bring experience and perspective in analyzing, shaping, and overseeing the execution of important strategic, operational and policy issues at a senior level. These directors insights and guidance, and their ability to assess and respond to situations encountered in serving on our Board, may be enhanced if their leadership experience has been developed at businesses or organizations that operated on a global scale, faced significant competition, and/or involved technology or other rapidly evolving business models.

Public Company Board Experience. Directors who have served on other public company boards can offer advice and insights with regard to the dynamics and operation of a board of directors; the relations of a board to the CEO and other management personnel; the importance of particular agenda and oversight matters; and oversight of a changing mix of strategic, operational, and compliance-related matters.

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Financial Expertise. Knowledge of financial markets, financing and funding operations, and accounting and financial reporting processes is important because it assists our directors in understanding, advising, and overseeing our capital structure, financing and investing activities, financial reporting and internal control of such activities.

Industry and Technical Expertise. Because we are a technology and software provider, education or experience in relevant technology is useful in understanding our research and development efforts, competing technologies, the various products and processes that we develop, and the market segments in which we compete. In addition, our software products and services are primarily focused on facilitating electronic payments both in domestic and international markets. Knowledge of, and experience in, the global electronic payments industry and the banking and financial services industries provides useful insight into the needs, practices and operations of the Company s principal customer base.

Global Expertise. Because we are a global organization with research and development, channel facilities, sales and other offices in many countries and customers located in over 80 different countries, directors with global expertise can provide a useful business and cultural perspective regarding many significant aspects of our business.

Legal Expertise. Directors who have legal education and experience can assist our Board in fulfilling its responsibilities related to the oversight of the Company s legal and regulatory compliance, and engagement with regulatory authorities.

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Director Nominees

The following provides biographical information regarding our director nominees and describes the key skills, experience and expertise that each of our director nominees brings to our Board of Directors in addition to the general criteria described above satisfied by each of our director nominees. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years.

Janet O. Estep

Director Since: 2015
Age: 59

Skills, Experience and Expertise:

Senior Leadership Experience

Global Expertise

Industry and Technical Expertise

Biographical Information:

President and Chief Executive Officer of NACHA since 2008, provides strategic guidance including daily operations & rule-making processes for the ACH Network, and develops rules and standards for other payment types

Served in various management roles at U.S. Bank, Minneapolis, MN from 1997 to 2008, including Executive Vice President of its Transaction Services Division and its Merchant Payment Services Division

Served as VP of Sales & Marketing for Pace Analytical Services from 1993-1997, a nation-wide environmental laboratory services company, as well as General Manager of its Twin Cities lab

Served in a variety of corporate, product development, and sales management positions at IBM for 15 years, in its Data Processing Division, its ImagePlus Software Division, as well as its General Sector Division

Member of NACHA s Board of Directors

Currently serves as a commissioner for EHNAC (Electronic Healthcare Network Accreditation Commission); and as a Board Advisor to other industry organizations ETA (Electronic Transaction Association) and CAQH/CORE (Council for Affordable Quality Healthcare/Committee on Operating Rules for Information Exchange)

James C. Hale

Director Since: 2015
Age: 64

Skills, Experience and Expertise:

Senior Leadership Experience

Public Company Board Experience

Financial Expertise

Industry and Technical Experience

Biographical Information:

Founder, Managing Partner Emeritus and Advisor, FTV Capital (Financial Technology Ventures)

Previously served as a senior managing partner at Bank America Securities (Montgomery Securities) where he founded and led the financial services corporate finance practice and co-founded the Montgomery Financial Fund

Business Development, M&A and Strategic Alliance Experience

Serves as director of MITEK Systems, Inc. (NASDAQ: MITK), a mobile payments technology company; and Bank of Marin Bancorp (NASDAQ: BMRC), a leading independent commercial and retail bank in Northern California

Previously a director of Official Payments Holdings, Inc. (NASDAQ: OPAY), a provider of electronic payment biller-direct solutions; and ExlService (NASDAQ: EXLS), a business process outsourcing provider

Served on the Boards of Public Radio International; the University of California, Berkeley Foundation Investment Committee; and Duke University s DUMAC Inc., which manages Duke University s endowment, employment retirement pool and other investments

Philip G. Heasley

Director Since: 2005

Age: 66

Skills, Experience and Expertise:

Senior Leadership Experience

Public Company Board Experience

Industry and Technical Expertise

Business Development, M&A and Strategic Alliances Experience

Biographical Information:

Our President and Chief Executive Officer since March 2005

Chairman and Chief Executive Officer of PayPower LLC, an acquisition and consulting firm specializing in financial services and payment services from October 2003 to March 2005

Chairman and Chief Executive Officer of First USA Bank from October 2000 to November 2003

Served in various capacities for U.S. Bancorp from 1987 until 2000, including Executive Vice President, and President and Chief Operating Officer

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Serves on the National Infrastructure Advisory Council for the President

Previously a director of Lender Processing Services, Inc. (NYSE: LPS), a provider of mortgage processing services, settlement services, mortgage performance analytics and default solutions; Official Payments Holdings, Inc. (NASDAQ: OPAY), a provider of electronic payment biller-direct solutions; Fidelity National Title Group, now known as Fidelity National Financial, Inc. (NYSE: FNF), a provider of title insurance, specialty insurance and claims management services; Kintera, Inc. (NASDAQ: KNTA), a provider of software for non-profit organizations, until it was acquired by Blackbaud, Inc. (NASDAQ: BLKB); Ohio Casualty Corporation (NASDAQ: OCAS), the holding company of The Ohio Casualty Insurance Company, which is one of six property-casualty insurance companies that make up Ohio Casualty Group, collectively referred to as Consolidated Corporation; and Fair Isaac Corporation (NYSE: FICO), a provider of analytics and decision management technology

James C. McGroddy

Director Since: 2008
Age: 79

Skills, Experience and Expertise:

Senior Leadership Experience

Public Company Board Experience

Industry and Technical Expertise

Global Expertise

Business Development, M&A and Strategic Alliances Experience

Biographical Information:

Self-employed consultant

Served and chaired the Strategy, Technology and Process Committee of the ACI Worldwide Board of Directors from September 2008 to March 2015

Served and chaired the Nominating and Corporate Governance Committee and served as a member of the Risk Committee of the ACI Worldwide Board of Directors since June 2015

Employed by International Business Machines Corporation from 1965 through 1996 in various capacities, including seven years as Senior Vice President of Research

Board member, former Chairman of the Board of MIQS, a Colorado-based healthcare information technology company

Member of the U.S. National Academy of Engineering

Previously served as a director of Paxar Corporation (NYSE: PXR), a provider of merchandising systems for the retail and apparel industry

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Served on and chaired several National Academy panels aimed at accelerating the use of IT and communications in a wide variety of government sectors, including DoD, FBI and NSA
Served on and chaired the boards of a hospital and a network of four hospitals, and a university board of trustees

Charles E. Peters, Jr.

Director Since: 2015
Age: 64

Skills, Experience and Expertise:
Financial Expertise
Business Development, M&A and Strategic Alliance Experience
Global Experience
Public Company Board Experience

Biographical Information:
Served as Executive Vice President and Chief Financial Officer of Red Hat, Inc. (NYSE: RHT), a multi-national global leader in open-source software, from 2004 to 2015
Served as Senior Vice President and Chief Financial Officer of Burlington Industries (NYSE: BUR), a multi-national manufacturer of textiles, commercial carpet and consumer products from 1995 to 2004
Served as Senior Vice President of Finance of Boston Edison Company (NYSE: BSE), a public utility company that provided electricity to eastern Massachusetts, from 1991 to 1995
Served in various financial management positions at GenRad Inc. (NYSE: GEN), a multi-national company which designs, manufacturers and markets integrated hardware and software solutions that enable the successful manufacture, test and service of electronic equipment, from 1982 to 1991
Served as Senior Manager at Price Waterhouse, a multi-national professional services network, from 1973 to 1982
Director of Veracode Inc., a privately held software company providing security solutions designed to protect organizations from application-layer cyber attacks
Previously served as a director of Sourcefire, Inc. (NASDAQ: FIRE), a developer of network security hardware and software, Lulu, Inc., a privately held electronic publishing company, and Protective Products of America, Inc. (TSX: PPA), a provider of body armor to military and police

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David A. Poe

Director Since: 2014
Age: 68

Skills, Experience and Expertise:

Senior Leadership Experience

Financial Expertise

Business Development, M&A and Strategic Alliances Experience

Industry and Technical Expertise

Public Company Board Experience

Biographical Information:

Of Counsel to Edgar, Dunn & Company, an independent global financial services and payments consultancy firm, since April 2014

Senior Director of Edgar, Dunn & Company since April 2008

Previously a certified public accountant with Deloitte, Touche & Company

Member of the Advisory Board for the Bank of San Francisco (Chairman Emeritus)

Chairman of the Board of Geothermal Engineering Ltd., a privately held UK company

Director of the University of Idaho Foundation (currently Chairman of the Investment Committee)

Previously a director of Official Payments Holdings, Inc. (NASDAQ: OPAY), a provider of electronic payment biller-direct solutions; and several private technology companies

Adalio T. Sanchez

Director Since: 2015
Age: 56

Skills, Experience and Expertise:

Senior Leadership Experience

Industry and Technical Experience

Global Experience

Business Development, M&A and Strategic Alliance Experience

Biographical Information:

Served as Senior Vice President of the Lenovo Group Limited (HK:0992), an international technology company, from 2014 to 2015

Served in various capacities at International Business Machines Corporation (NYSE: IBM), a global technology and innovation company, from 1982 to 2014, including sixteen years in senior executive officer and global general management roles

Member of the Board of Directors and Treasurer of the Florida International University Foundation

John M. Shay, Jr.

Director Since: 2006
Age: 68

Skills, Experience and Expertise:

Financial Expertise

Biographical Information:

President and owner of Fairway Consulting LLC, a business consulting firm

Business Development, M&A and Strategic Alliances Experience	Employed by Ernst & Young LLP, a Big Four accounting firm offering audit, business advisory and tax services from 1972 through March 2006 serving as an audit partner from October 1984 to March 2006 and managing partner of the firm s New Orleans office from October 1998 through June 2005
Global Experience	

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Served as an adjunct auditing professor in the graduate business program of the A.B. Freeman School of Business at Tulane University for approximately 10 years

Certified Public Accountant

Jan H. Suwinski

Director Since: 2007
Age: 74

Skills, Experience and Expertise:

Senior Leadership Experience

Public Company Board Experience

Industry and Technical Expertise

Business Development, M&A and Strategic Alliances Experience

Global Expertise

Biographical Information:

Clinical Professor of Management and Operations at the Samuel Curtis Johnson Graduate School of Management at Cornell University in Ithaca, New York

Served in various management positions in technology based businesses at Corning Incorporated from 1965 to 1996

Served as Executive Vice President of the Opto Electronics Group and a member of the operating committee at Corning Incorporated from 1990 to 1996

Served as Chairman of Siecor Corporation, a Corning joint venture with Siemens AG from 1992 to 1996

Director of Thor Industries, Inc. (NYSE: THO), a manufacturer of recreational vehicles and buses

Previously served as a director of Tellabs, Inc. (NASDAQ: TLAB), a provider of telecommunications networking products; and Ohio Casualty Corporation (NASDAQ: OCAS), the holding company of The Ohio Casualty Insurance Company, which is one of six property-casualty insurance companies that make up Ohio Casualty Group, collectively referred to as Consolidated Corporation

Thomas W. Warsop III

Director Since 2015
Age: 49

Skills, Experience and Expertise:

Senior Leadership Experience

Industry and Technical Experience

Global Experience

Business Development, M&A and Strategic Alliance Experience

Biographical Information:

President and Chief Executive Officer of The Warranty Group, Inc., a provider of insurance and insurance services, since August 2012

Served as Group President and held various management positions at Fiserv, Inc. (NASDAQ: FISV), a provider of technology solutions to the financial world, from 2007 to 2012

Served in various capacities for Electronic Data Systems for 17 years, including President of EDS Business Process Outsourcing unit in Asia Pacific and Vice President in the United Kingdom

Director of The Warranty Group, Inc., and certain affiliates

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OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE NOMINEES LISTED ABOVE.

DIRECTOR COMPENSATION

It is our Board s general policy that compensation for independent directors should be a mix of cash and equity. As part of a director s total compensation, and to create a direct linkage with corporate performance and stockholder interests, our Board believes that a meaningful portion of a director s compensation should be provided in, or otherwise based on, the value of appreciation in our common stock. We do not pay our employee directors for service on our Board in addition to their regular employee compensation.

Retainer Fees

Each independent director receives a $60,000 base annual retainer fee. The Chairman of the Board receives an additional $50,000 annual premium. The Chairman of the Audit Committee and the Chairman of the Compensation Committee each receive an additional $10,000 annual premium. The Chairman of the Risk Committee and the Chairman of the Corporate Governance Committee each receive an additional $5,000 annual premium. Members of the Audit Committee and members of the Compensation Committee, other than the chairmen, receive an additional $4,000 annual premium. Members of the Risk Committee and members of the Corporate Governance Committee, other than the chairmen, each receive an additional $3,000 annual premium. Annual retainer fees are paid on a quarterly basis.

Equity-Based Compensation

Our independent directors are granted an annual equity award. Such grants are made at the discretion of our Board based on the recommendations of the Corporate Governance Committee. Director equity awards are provided pursuant to the terms of our 2005 Equity and Performance Incentive Plan, as amended (the 2005 Incentive Plan). Director equity awards vest on the earlier to occur of (i) the date which is one year following the date of grant, and (ii) the day immediately prior to the date of the next annual meeting of our stockholders occurring following the date of grant. The independent directors equity awards provide for accelerated vesting upon the director s death or disability or upon a change-in-control of the Company.

On June 9, 2015, our independent directors were each granted 10,242 shares of restricted stock. Ms. Estep and Mr. Hale were each subsequently granted a pro-rata award based on the date of their appointment.

Deferred Compensation Plans

Each independent director may elect to defer receipt of all or a part of his cash compensation on a calendar year basis under the Company s Amended and Restated Deferred Compensation Plan (the Deferred Compensation Plan). The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan designed to allow independent directors and a select group of management or highly compensated employees of the Company designated by our Compensation Committee to save for retirement on a tax-deferred basis. Additional information on the Deferred Compensation Plan can be found under the heading Deferred Compensation Plan in the Executive Compensation section below.

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Director Summary Compensation Table

The table below summarizes the compensation we paid to our independent directors during the fiscal year ended December 31, 2015.

Director Summary Compensation Table(1)

Name(2) (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards(3) ($) (c)	Total ($) (h)
John D. Curtis(4)	50,000		50,000
Janet O. Estep	11,166	146,000	157,166
James C. Hale	16,750	187,500	204,250
James C. McGroddy	82,000	250,000	332,000
David A. Poe	102,000	250,000	352,000
Charles E. Peters, Jr.	33,500	250,000	283,500
Adalio T. Sanchez	33,500	250,000	283,500
Harlan F. Seymour(4)	84,000		84,000
John M. Shay, Jr.	89,500	250,000	339,500
John E. Stokely(4)	50,500		50,500
Jan H. Suwinski	88,000	250,000	338,000
Thomas W. Warsop III	34,000	250,000	284,000

(1) Columns (d), (e), (f) and (g) to this table entitled Option Awards, Non-Equity Incentive Plan Compensation, Change in Pension Value and Nonqualified Compensation Earnings and All Other Compensation, respectively, have been omitted because no compensation is reportable thereunder.

(2) Philip G. Heasley, our President and CEO, is not included in this table as he is an employee of the Company and thus, receives no compensation for his service as a director. The compensation received by Mr. Heasley as an employee of the Company is shown in the Summary Compensation Table in the Executive Compensation section below.

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(3) The amounts in column (d) reflect the grant date fair value of each stock award granted during 2015, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718). The amounts shown do not correspond to the actual value that will be realized by the independent director. The assumptions used in the calculation of these amounts are included in footnote 11 to the Company s audited financial statements for the fiscal year ended December 31, 2015, included in our Annual Report. The grant date fair value of the stock awards granted to our independent directors on June 9, 2015 was $24.41 per share of restricted stock. The grant date fair value of the stock awards granted to (i) Mr. Hale on September 15, 2015 was $21.89 per share of restricted stock and (ii) Ms. Estep on November 2, 2015 was $24.14 per share of restricted stock. The aggregate grant date fair value for all stock awards granted to our independent directors in 2015 was $2,083,500. The following table sets forth each independent director s aggregate number of stock awards (unvested shares of restricted stock) and stock option awards (all of which were vested) outstanding as December 31, 2015:

Name	Unvested Stock Awards	Aggregate Stock Option Awards
Janet O. Estep	6,048	
James C. Hale	8,566	
James C. McGroddy	10,242	120,000
Charles E. Peters, Jr.	10,242	
David A. Poe	10,242	
Adalio T. Sanchez	10,242	
John M. Shay, Jr.	10,242	90,000
Jan H. Suwinski	10,242	210,000
Thomas W. Warsop III	10,242	

(4) These directors retired from the Board as of our June 8, 2015 Annual Meeting of Stockholders.

Independent Director Stock Ownership Guidelines

The Board has stock ownership guidelines designed to further link the interests of our Board with that of our stockholders. These guidelines provide that each of our independent directors should have equity positions in the Company with a value equal to five times his or her annual retainer amount. Direct and indirect stock ownership, including the vested in-the-money portion of any stock options held by the independent director, are included in determining each director s equity position. Each independent director has five years to achieve the target ownership level. A director who fails to meet the ownership guidelines within the five-year period will not be eligible for new equity awards until the director achieves his prescribed ownership level.

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REPORT OF THE AUDIT COMMITTEE

At all times during 2015, each member of the Audit Committee was independent as defined in the NASDAQ listing standards. Our Board determined that each of the members met the NASDAQ regulatory requirements for financial literacy and that Messrs. Shay and Peters are audit committee financial experts as defined under SEC rules.

The Audit Committee operates pursuant to a charter (the Audit Committee Charter), a copy of which is available on our website at *www.aciworldwide.com* in the About ACI Investor Relations Corporate Governance section.

The Audit Committee, on behalf of our Board, oversees the Company s financial reporting process as more fully described in the Audit Committee Charter. Management is responsible for the preparation, presentation and integrity of the Company s consolidated financial statements, accounting and financial reporting principles, internal controls over financial reporting and compliance with laws and regulations and ethical business standards. Management is responsible for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company s system of internal controls. Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management or the independent registered public accounting firm.

The Company s independent registered public accounting firm, Deloitte & Touche LLP (Deloitte), is responsible for performing independent audits of the Company s consolidated financial statements and the effectiveness of the Company s internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue reports thereon. In fulfilling its oversight responsibilities, the Audit Committee (i) reviewed and discussed the audited consolidated financial statements and the footnotes thereto in the Company s annual report on Form 10-K for 2015 with management and Deloitte, and (ii) discussed with management and Deloitte the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. The Audit Committee discussed with the Company s internal auditors and Deloitte, with and without management present, their evaluations of the Company s internal accounting controls and reviewed with management the basis for management s assessment of the effectiveness of the Company s internal controls over financial reporting.

The Company s independent registered public accounting firm is responsible for expressing opinions on (i) the conformity of the Company s audited consolidated financial statements, in all material respects, to accounting principles generally accepted in the U.S., and (ii) the effectiveness of the Company s internal controls over financial reporting. The independent registered public accounting firm has full and free access to the Audit Committee. The Company s independent registered public accounting firm has expressed the opinion that the Company s audited consolidated financial statements conform, in all material respects, to accounting principles generally accepted in the U.S. The Audit Committee reviewed and discussed with the independent registered public accounting firm its judgments as to the quality, not just the acceptability, of the Company s accounting principles and such other matters as are required to be discussed by the standards of the Public Company Accounting Oversight Board (PCAOB).

The Audit Committee discussed with the Company s independent registered public accounting firm its independence from management and the Company, and received from Deloitte the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm and management the independent registered public accounting firm s independence.

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In reliance on the reviews and discussions referred to above, the Audit Committee recommended to our Board that the audited consolidated financial statements be included in the Company s annual report on Form 10-K for 2015.

MEMBERS OF THE AUDIT COMMITTEE

John M. Shay, Jr.

James C. Hale

Charles E. Peters, Jr.

Thomas W. Warsop III

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PROPOSAL 2

RATIFICATION OF APPOINTMENT OF THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected and appointed, and our Board has approved the Audit Committee s selection and appointment, of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. If the stockholders do not ratify the selection, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm for the next fiscal year. Even if the selection is ratified by our stockholders, the Audit Committee may in its discretion change the appointment at any time during the year if it determines that such a change would be in the best interests of stockholders.

Representatives of Deloitte are expected to be present at the Annual Meeting to make a statement should they so desire and to respond to appropriate questions.

Independent Registered Public Accounting Firm Fees

The following table sets forth the aggregate fees paid or payable for the indicated services performed by Deloitte during 2015 and 2014 in its capacity as our independent registered public accounting firm during such years.

Fee Category	2015	2014
	($)	
Audit Fees	3,895,321	3,657,793
Audit Related Fees	0	0
Tax Fees	644,719	546,039
Other Fees	0	0
Total Fees	**4,540,040**	**4,200,832**

Audit Fees. This category represents the aggregate fees paid or payable to Deloitte for professional services rendered for (i) the audit and quarterly reviews of the Company s annual consolidated financial statements for 2015 and 2014, (ii) the audit of the effectiveness of the Company s internal controls over financial reporting as of December 31, 2015 and December 31, 2014 in accordance with the standards of the Public Company Accounting Oversight Board, and (iii) statutory audits of certain subsidiaries.

Audit-Related Fees. This category represents the aggregate fees billed by Deloitte for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of the Company s financial statements that are not reported under Audit Fees for 2015 or 2014. The professional services performed by Deloitte in 2015 consisted of audit and tax related services. The professional services performed by Deloitte in 2014 consisted of (i) services associated with SEC registration statements and related documents filed with the SEC or other documents issued in connection with debt securities and (ii) accounting research.

Tax Fees. This category represents the aggregate fees billed by Deloitte for tax-related services rendered to the Company for 2015 and 2014. Tax fees billed by Deloitte in 2015 consisted of fees for professional services related primarily to tax compliance projects, including audit and tax related services. Tax fees billed by Deloitte in 2014 consisted of fees for professional services related primarily to tax compliance projects, including (i) tax compliance services associated with recent acquisitions, (ii) assistance in the preparation of tax credit calculations and (iii) preparation of, and assistance with, expatriate tax returns and payroll calculations.

All Other Fees. There were no other fees billed by Deloitte for services rendered to the Company during 2015 or 2014, other than the services described above under Audit Fees, Audit-Related Fees and Tax Fees.

The Audit Committee has considered whether the provision of the services by Deloitte, as described above in Tax Fees is compatible with maintaining the independent registered public accounting firm s independence.

Pre-Approval of Audit and Non-Audit Services

We have policies for pre-approval of all audit and non-audit services to be provided to us by our independent registered public accounting firm and its member firms. Under these policies, all audit and non-audit services to be performed by our independent registered public accounting firm must be approved by the Audit Committee in advance. A proposal for audit and non-audit services must include a description and purpose of the services, estimated fees and other terms of the services. To the extent a proposal relates to non-audit services, a determination that such services qualify as permitted non-audit services and an explanation as to why the provision of such services would not impair the independence of our independent registered public accounting firm are also required. Any engagement letter relating to a proposal must be presented to the Audit Committee for review and approval, and the Chairman of the Audit Committee may sign, or authorize an officer to sign, such engagement letter.

All services provided by our independent registered public accounting firm in 2015 and 2014 were pre-approved by the Audit Committee.

Vote Required

The affirmative vote of a majority of the shares represented at the Annual Meeting and actually voting on this proposal is required for the approval of the proposal. Because only a majority of shares actually voting is required to approve Proposal 2, broker non-votes will have no effect on the outcome of the voting on this proposal. Abstentions will have the legal effect of a vote against this proposal.

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016.

PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Our Board is providing our stockholders with the opportunity to vote, on an advisory basis, on the executive compensation of our Named Executive Officers (as defined in the Compensation Discussion and Analysis section below). This advisory vote, commonly known as a say-on-pay vote, is a non-binding vote on the compensation of our Named Executive Officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the accompanying compensation tables and other related tables and narrative discussion contained in this Proxy Statement.

As described in detail in the Compensation Discussion and Analysis, our executive compensation programs are performance-based programs designed to (i) attract, retain, motivate and reward highly qualified and talented executives, including our Named Executive Officers, who provide leadership to the Company necessary to drive superior results; (ii) reward senior executives, including our Named Executive Officers, for achieving measurable goals designed to drive superior Company results; and (iii) strengthen the commonality of interest between our stockholders and senior executives, including our Named Executive Officers.

This advisory vote is not intended to address any specific item of compensation, but rather, the overall compensation of our Named Executive Officers and the principles, policies and procedures related to executive compensation described in this Proxy Statement. We therefore urge our stockholders to read the Compensation Discussion and Analysis, the accompanying compensation tables and other related tables and narrative discussion which describe in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives. The following practices are highlighted throughout the Compensation Discussion and Analysis section:

- A significant portion of the total on-target compensation of our Named Executive Officers is performance-based compensation directly tied to Company financial, operational or strategic performance goals.

- The 2016 long-term incentive program is comprised of a combination of stock options and performance shares in order to reinforce the Compensation Committee s objective of making long-term incentive awards variable so that the level of compensation actually earned depends on the Company s performance against specified financial goals, and is directly tied to stockholder value.

- 2016 LTIP performance shares are earned, if at all, after a three-year performance period based on the achievement of performance goals relating to the Company s compound annual growth rate in sales and adjusted EBITDA over the three-year performance period.

- We have stock ownership guidelines for our directors and executive officers.

- Since 2009, our equity awards and our annual variable cash incentive awards have been subject to our recoupment policy.

- Our equity plans expressly prohibit re-pricing awards without stockholder approval.

We believe that our executive compensation philosophy, our core compensation objectives and our compensation programs, practices and policies have resulted in executive compensation decisions that have appropriately incentivized the achievement of financial goals that have benefited our Company and our stockholders and are expected to drive long-term stockholder value over time. Accordingly, the following resolution is submitted for an advisory stockholder vote:

RESOLVED, that our stockholders approve, on an advisory basis, the compensation of our Named Executive Officers, as disclosed in the Company s Proxy Statement for the 2016 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the accompanying compensation tables and the other related tables and narrative discussion.

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Advisory Vote

Stockholders are not ultimately voting to approve or disapprove our Board s recommendation. As this is an advisory vote, the outcome of the vote is not binding on us with respect to future executive compensation decisions, including those relating to our Named Executive Officers, or otherwise. The Compensation Committee and our Board expect to take into account the outcome of this stockholder advisory vote when considering future executive compensation decisions.

Vote Required

The affirmative vote of a majority of the shares represented at the Annual Meeting and actually voting on this proposal is required for the approval of the proposal. Because only a majority of shares actually voting is required to approve Proposal 3, broker non-votes will have no effect on the outcome of the voting on this proposal. Abstentions will have the legal effect of a vote against this proposal.

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ADVISORY VOTE ON EXECUTIVE COMPENSATION AS DISCLOSED IN THIS PROXY STATEMENT.

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PROPOSAL 4

APPROVAL OF THE 2016 EQUITY AND PERFORMANCE INCENTIVE PLAN

On March 23, 2016, the Board approved and is submitting for adoption by stockholders the 2016 Equity and Performance Incentive Plan (the 2016 Incentive Plan). The 2016 Incentive Plan is intended to meet the Company s objective of balancing stockholder concerns about dilution with the need to provide appropriate incentives to achieve Company performance objectives. The 2016 Incentive Plan will become effective upon adoption by the stockholders. A copy of the 2016 Incentive Plan is attached as to this Proxy Statement as *Annex A*. The summary description of the 2016 Incentive Plan provided below is qualified in its entirety by reference to the full text of the 2016 Incentive Plan.

Additionally, the Board is submitting the 2016 Incentive Plan for approval by the stockholders of the material terms and conditions of the 2016 Incentive Plan for purposes of the performance-based compensation exception under Section 162(m) of the Internal Revenue Code of 1986 (the Code).

If the 2016 Incentive Plan is adopted, the Board will terminate the 2005 Equity and Performance Incentive Plan, as amended (the Current 2005 Incentive Plan). Termination of the Current 2005 Incentive Plan will not affect any equity awards outstanding under the Current 2005 Incentive Plan immediately prior to termination thereof.

As of March 31, 2016, the Company had 7,997,022 options outstanding with a weighted average exercise price of $12.68 and a weighted average term to expiration of 7.06 years. As of March 31, 2016, the Company also had 1,904,027 performance share grants outstanding, 899,958 performance-based restricted share awards outstanding and 1,083,787 restricted share awards outstanding. As of March 31, 2016, the Company had 117,326,782 common shares outstanding.

Summary of the 2016 Incentive Plan

If the 2016 Incentive Plan is approved, the aggregate number of shares of Common Stock, par value $0.005 per share, available for issuance under the 2016 Incentive Plan will be 8,000,000 (plus any shares of Common Stock that are represented by options previously granted under the Current 2005 Incentive plan which are forfeited, expire or are canceled without delivery of Common Stock or which result in the forfeiture or relinquishment of Common Stock back to the Company). The Current 2005 Incentive Plan authorized 23,250,000 shares of Common Stock (plus any shares of Common Stock that are represented by options previously granted under certain terminated Company plans which are forfeited, expire or are canceled without delivery of Common Stock or which result in the forfeiture or relinquishment of Common Stock back to the Company).

The 2016 Incentive Plan would expressly prohibit re-pricing stock options and appreciation rights. The 2016 Incentive Plan would also, subject to certain limited exceptions, expressly require a one-year vesting period for all stock options and appreciation rights.

If the stockholders approve the 2016 Incentive Plan, the Company will have 8,000,000 shares available for new grants under the 2016 Incentive Plan.

Purposes of the 2016 Incentive Plan

Maintaining a Market Competitive Stock-Based Incentive Program

The 2016 Incentive Plan is intended to give the Company greater flexibility in providing competitive incentive compensation that closely aligns the interests of key employees and officers with those of the Company s stockholders. The 2016 Incentive Plan permits the grant of a variety of incentive awards, such as restricted stock awards, performance awards and stock appreciation rights, that will provide the Company with greater flexibility in designing stock and performance based incentives for executives, key employees and non-employee directors.

Furthering Many Compensation and Governance Best Practices

The 2016 Incentive Plan prohibits stock option and appreciation right re-pricing and contains a 3,000,000-share limit on the number of shares that may be issued to any eligible person selected by the Board to receive

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awards (the Participants) in connection with stock options, stock appreciation rights, restricted stock awards or other awards during any calendar year. The 2016 Incentive Plan also, subject to certain limited exceptions, requires a one-year vesting period for all stock options and appreciation rights. The 2016 Incentive Plan also prohibits the granting of stock options and stock appreciation rights at a price below market value on the date of grant. The 2016 Incentive Plan does not contain an evergreen feature (evergreen features provide for automatic replenishment of authorized shares available under the plan) or permit the grant of reload options.

Beyond this, since 2009, pursuant to our recoupment policy, all of our equity awards and our annual variable cash incentive awards, including awards granted to our executives, have been subject to forfeiture and recoupment if the Company is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of the employee, or it is determined that the employee has otherwise engaged in misconduct. In addition, our stock ownership guidelines require our CEO to own shares with a value of six times his base salary and our other executives to own shares with a value of three times their base salary. Under our stock ownership guidelines, our executive officers must retain 50% of the after-tax shares they receive from option exercises, the vesting of stock appreciation rights, and the vesting of any other equity awards granted under our equity plans until his or her ownership requirement is met.

Summary Description of the 2016 Incentive Plan

The 2016 Incentive Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, performance awards and other awards (Awards).

New Plan Benefits

Any person who is an employee or non-employee director of the Company and certain of its subsidiaries and affiliates is eligible to be considered for Awards under the 2016 Incentive Plan. The Board has the authority to select the individuals to whom Awards will be granted. Future Awards under the 2016 Incentive Plan will be discretionary so that it is impossible to determine who will receive Awards and in what amounts in the event the 2016 Incentive Plan is adopted, although each of the Company s current executive officers and directors would be eligible to participate.

Shares Available Under the Plan

Plan Share Limits. Subject to adjustment in certain circumstances as discussed below, the maximum number of shares of Common Stock that may be issued or transferred in connection with Awards granted under the 2016 Incentive Plan will be the sum of (i) 8,000,000 shares of Common Stock and (ii) any shares of Common Stock that are represented by options previously granted under the Current 2005 Incentive Plan which are forfeited, expire or are canceled without delivery of Common Stock or which result in the forfeiture or relinquishment of Common Stock back to the Company. To the extent Awards granted under the 2016 Incentive Plan terminate, expire, are canceled without being exercised, are forfeited or lapse for any reason, the shares of Common Stock subject to such Award will again become available for grants under the 2016 Incentive Plan.

Individual Limits

The aggregate number of shares of Common Stock that may be issued upon exercise of incentive stock options will not exceed 8,000,000 shares of Common Stock. No Participant (defined below) will receive stock options, stock appreciation rights, restricted stock, restricted stock units and other awards under the 2016 Incentive Plan, during any calendar year, for more than 3,000,000 shares of Common Stock. In addition, no Participant may receive performance shares or performance units having an aggregate value on the date of grant in excess of $9,000,000 during any calendar year. Each of the limits described above may be adjusted equitably to accommodate a change in the capital structure of the Company as described below.

Adjustments

The Board shall make or provide for such adjustments in the numbers of shares of Common Stock covered by outstanding Awards, in the option price and base price provided in outstanding options and appreciation

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rights, and in the kind of shares covered thereby, as the Board may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company; or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities; or (c) any other corporate transaction or event having an effect similar to any of the foregoing. In the event of any such transaction or event, the Board may provide in substitution for any or all outstanding Awards such alternative consideration it determines to be equitable under the circumstances and may require in connection therewith the surrender of any Awards replaced. The Board may also make or provide for such adjustments in the numbers of shares reserved under the 2016 Incentive Plan as the Board may determine is appropriate to reflect any transaction or event described above.

Eligibility and Administration

Eligibility

Officers, other employees and non-employee directors of the Company and its subsidiaries and affiliates are eligible to participate in the 2016 Incentive Plan. The Board shall, in its discretion, select the persons to receive Awards. The number of Participants may vary from year to year. It is not possible to state in advance the exact number or identity of the Participants or the amounts of any Awards.

Administration of the 2016 Incentive Plan

The 2016 Incentive Plan is administered by the Board, which may delegate all or any part of its authority to the Compensation Committee of the Board (or a subcommittee thereof); provided, however, the Compensation Committee is comprised of two or more individuals who are non-employee directors as defined under Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and outside directors within the meaning of Section 162(m) of the Code. The Board has the sole authority to determine (i) the Participants to whom Awards are to be granted under the 2016 Incentive Plan; (ii) the type, size and terms of each Award; (iii) the time when the Awards are to be made and the duration of the exercise, restriction period or performance period, including the criteria for exercisability and any acceleration of exercisability; (iv) the amendment of the terms of any previously issued Award; and (v) any other matters arising under the 2016 Incentive Plan.

Award Agreements

All Awards are subject to the terms and conditions set forth in the 2016 Incentive Plan and to such other terms and conditions consistent with the 2016 Incentive Plan as the Board deems appropriate and which are specified in a writing (an Award Agreement) by the Board to the designated individual. The Board may approve the form and provisions of each Award Agreement to an individual. Awards under the 2016 Incentive Plan need not be uniform among the designated individuals receiving the same type of Award. Each Award Agreement may designate: (i) whether the vesting period, restriction period, performance period or other restrictions on transfer will accelerate or lapse early upon a change-in-control of the Company; (ii) whether the Award will include dividends or dividend equivalents on a current, deferred or contingent basis; and (iii) any other terms and conditions the Board may deem appropriate.

Management Objectives

The 2016 Incentive Plan provides for the establishment of Management Objectives which are measurable objectives established for Participants who have received grants of performance shares or performance units (collectively Performance Awards) or, when determined by the Compensation Committee, other Awards granted pursuant to the 2016 Incentive Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the subsidiary, affiliate, division, department, region or function within the Company or subsidiary or affiliate which employs the Participant. The Management Objectives may be made relative to the performance of other companies. The Management Objectives applicable to any Award to a covered employee as defined in Section 162(m) of the

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Code will be based on specified levels of, or growth in, one or more of the following criteria, or any derivative thereof: (a) cash flow/net assets ratio, (b) debt/capital ratio, (c) return on total capital, (d) return on equity, (e) earnings per share, (f) revenue, (g) total return to stockholders, (h) backlog, (i) contribution margins, (j) sales, (k) bookings, (l) contract value, (m) operating income, and (n) earnings before interest, taxes, depreciation and amortization. The Compensation Committee may specify that such performance measures shall be adjusted to exclude any one or more of (i) nonrecurring or unusual items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the write-down of any asset, and (v) charges for restructuring and rationalization programs. If the Compensation Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances make the Management Objectives unsuitable, the Compensation Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement as it deems appropriate subject to certain limitations on modifications to covered employees under Section 162(m) of the Code. The Compensation Committee may also utilize Management Objectives to make other Awards granted to covered employees qualify as performance based awards under Section 162(m) of the Code.

Payment of Awards

Any Award grant may specify that the amount payable to a Participant under the respective Award may be paid by the Company in cash, in shares of Common Stock or in any combination thereof, and may either grant to the Participant or retain for the Board the right to elect among those alternatives. Any Award grant may specify that the amount payable or the number of shares of Common Stock issued with respect thereto may not exceed a maximum amount or number specified by the Board at the date of grant.

Stock Options

Types and Eligibility

The 2016 Incentive Plan provides that the Board may grant Participants options to purchase shares of Common Stock intended to qualify as incentive stock options within the meaning of Section 422 of the Code (ISOs), or nonqualified stock options (NQSOs) that are not intended to so qualify, or any combination of ISOs or NQSOs (collectively, Options). ISOs may only be granted to Participants who meet the definition of employees under Section 3401(c) of the Code.

Exercise and Option Price

No Option will be exercisable more than ten years from the date of grant. The option price per share for any Option granted under the 2016 Incentive Plan may not be less than the market value per share of Common Stock on the date of grant. The exercise of an Option will result in the cancellation, on a share-for-share basis, of any tandem stock appreciation right granted in connection with such Option.

Dividend Equivalent Rights

We have never declared or paid a cash dividend. None of our outstanding Options have dividend equivalent rights associated with them.

Re-pricing of Options Prohibited

The 2016 Incentive Plan prohibits reducing the option price of any outstanding Option. The 2016 Incentive Plan also prohibits the cancellation of any outstanding Option in exchange for an Option with a lower option price.

One-Year Minimum Vesting Period

The 2016 Incentive Plan requires a minimum one-year vesting requirement for all Options, subject to a 5% carve out and limited exceptions for termination of employment and a change in control of the Company.

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Stock Appreciation Rights

Types

Stock appreciation rights (Appreciation Rights) are the right to receive from the Company an amount determined by the Board and expressed as a percentage (not exceeding 100%) of the spread at the time of exercise. The Board may grant tandem Appreciation Rights in connection with an Option granted under the 2016 Incentive Plan or freestanding Appreciation Rights unrelated to any Option. The spread in the case of a freestanding Appreciation Right is the amount by which the market value of the Company s Common Stock on the date of exercise exceeds the base price specified in the right. The spread in the case of tandem Appreciation Rights is the amount by which the fair market value of the Company s Common Stock on the date of exercise exceeds the option price specified in the related Option.

Tandem Appreciation Rights

Tandem Appreciation Rights may be granted either at or after the time the related Options are granted and while the Options remain outstanding; however, in the case of an ISO such rights may only be granted at the time the Option is granted. The number of tandem Appreciation Rights that are exercisable during any given period of time may not exceed the number of shares of Common Stock that the Participant may purchase upon the exercise of the related Option during such period of time. Upon the exercise of the related Option, the tandem Appreciation Right relating to Common Stock covered by such Option will terminate. Upon the exercise of a tandem Appreciation Right, the Option relating to the Common Stock covered by such Appreciation Right will terminate. Tandem Appreciation Rights may be exercised (i) only at a time when the related Option is exercisable and (ii) at a time when the spread is positive. The Award Agreement for a tandem Appreciation Right will identify the related Options.

Freestanding Appreciation Rights

Freestanding Appreciation Rights must specify a base price (which must be equal to or greater than the market value on the grant date) and the period(s) of continuous employment of the Participant by the Company or any subsidiary or affiliate that are necessary before the freestanding Appreciation Right or installments thereof become exercisable. No freestanding Appreciation Right granted under the Amended Pan may be exercised more than ten years from the grant date.

Re-pricing of Appreciation Rights Prohibited

The 2016 Incentive Plan prohibits reducing the base price of any outstanding Appreciation Right. The 2016 Incentive Plan also prohibits the cancellation of any outstanding Appreciation Right in exchange for an Appreciation Right with a lower base price.

One-Year Minimum Vesting Period

The 2016 Incentive Plan requires a minimum one-year vesting requirement for all Appreciation Rights, subject to a 5% carve out and limited exceptions for termination of employment and a change in control of the Company.

Restricted Stock and Restricted Stock Units

Restricted Stock

The Board may issue or transfer shares of Common Stock to Participants under a restricted stock grant for consideration or no consideration, and subject to restrictions, as determined by the Board. All restricted stock Awards will transfer ownership of such shares of restricted stock to the Participant and entitle the Participant to voting, dividend and other ownership rights, but the Participant s ownership of the restricted shares shall be subject to substantial risk of forfeiture and restrictions on transfer. The Board may establish conditions under which restrictions will lapse over a period of time based upon the achievement of performance goals or according to such other criteria as the Board deems appropriate (the Restriction Period). An Award Agreement for

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restricted stock Awards may specify any Management Objectives that, if achieved, will result in the termination or early termination of the restrictions on the restricted shares including, without limitation, any minimum acceptable levels of achievement or formulas for determining the number of restricted shares on which the restrictions will terminate.

Restricted Stock Units

The Board may award to Participants the right to receive Common Stock or cash at the end of a specified period (Restricted Stock Unit), for consideration or no consideration. The Restriction Period for Restricted Stock Units shall be designated in the Award Agreement. During the Restriction Period, the Participant will have no rights of ownership in the Restricted Stock Units, including voting rights, and will have no right to transfer his or her rights.

Performance Shares and Performance Units

The Board may award Participants Performance Shares or Performance Units (collectively, Performance Awards) which will become payable to a Participant upon the achievement of specified Management Objectives. A Performance Share is a bookkeeping entry that records the equivalent of one share of Common Stock and a Performance Unit is a bookkeeping entry that records a unit equivalent to $1.00. Each Award Agreement for Performance Awards will specify: (i) the number of Performance Shares or Performance Units granted; (ii) the period of time established for the Participant to achieve the Management Objectives (the Performance Period); (iii) the Management Objectives and a minimum acceptable level of achievement as well as a formula for determining the number of Performance Shares or Performance Units earned if performance is at or above the minimum level but short of full achievement of the Management Objectives; and (iv) any other terms that the Board may deem appropriate.

Other Awards

The Board may grant shares of Common Stock as a bonus, cash bonuses or may grant other awards in lieu of the obligations of the Company to pay cash or deliver property under the 2016 Incentive Plan or under other plans or compensatory arrangements.

Amendments and Termination

Plan

The 2016 Incentive Plan will be effective as of the date it is adopted by the stockholders of the Company. If adopted by the stockholders of the Company, no grant will be made under the 2016 Incentive Plan will be made after June 14, 2026. The Board may amend or terminate the 2016 Incentive Plan at any time; provided, however, the Board will not amend the 2016 Incentive Plan without stockholder approval if such approval is required to comply with the Code or other applicable laws, or to comply with applicable stock exchange requirements. Except for adjustments permitted under the terms of the 2016 Incentive Plan (i) the Board will not, without approval of the stockholders, authorize the amendment of any outstanding Option to reduce the option price, and (ii) no Option will be cancelled and replaced with Awards having a lower option price without the approval of the stockholders. Awards granted under the 2016 Incentive Plan prior to its termination will remain outstanding until exercised or until the end of the term of such Awards. The termination of the 2016 Incentive Plan will not impair the power and authority of the Board with respect to Awards that remain outstanding after termination of the 2016 Incentive Plan.

Outstanding Awards

The Board may amend the terms of an Award granted under the 2016 Incentive Plan, prospectively or retroactively, provided such amendment does not materially impair the rights of a Participant without the Participant s consent. An outstanding Award may otherwise be amended by agreement of the Company and the Participant consistent with the 2016 Incentive Plan.

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Federal Income Tax Consequences

The following is only a brief summary of certain of the U.S. federal income tax consequences of certain transactions under the 2016 Incentive Plan. This summary does not purport to be a complete analysis of all potential U.S. federal income tax or other tax consequences relevant to Participants, or to describe tax consequences based upon particular circumstances. In addition, the summary does not address the income tax laws of any municipality, state or foreign country in which a Participant may reside and to which a Participant may be subject.

In general, a Participant will not recognize income at the time a NQSO is granted. At the time of exercise, the shares and the fair market value of the shares on the date of exercise. At the time of sale of shares acquired pursuant to the exercise of a NQSO, any appreciation (or depreciation) in the value of the shares after the date of exercise generally will be treated as capital gain (or loss).

A Participant generally will not recognize income upon the grant or exercise of an ISO. If shares issued to a Participant upon the exercise of an ISO are not disposed of in a disqualifying disposition within two years after the date of grant or within one year after the transfer of the shares to the Participant, then upon the sale of the shares any amount realized in excess of the option price generally will be taxed to the Participant as long-term capital gain and any loss sustained will be a long-term capital loss. If shares acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, the Participant generally will recognize ordinary income in the year of disposition in an amount equal to any excess of the fair market value of the shares at the time of exercise (or, if less, the amount realized on the disposition of the shares) over the option price paid for the shares. Any further gain (or loss) realized by the Participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period. Subject to certain exceptions for death or disability, if a Participant exercises an ISO more than three months after termination of employment, the exercise of the option will be taxed as the exercise of a NQSO. In addition, the exercise of an ISO will be treated essentially the same as the exercise of a NQSO for purposes of the federal alternative minimum tax (AMT), which exercise may subject the Participant to AMT.

No income will be recognized by a participant in connection with the grant of a tandem Appreciation Right or a freestanding Appreciation Right. When the Appreciation Right is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted common shares received on the exercise.

A recipient of restricted shares generally will be subject to tax at ordinary income rates on the fair market value of the restricted shares (reduced by any amount paid by the recipient) at such time as the shares are no longer subject to a risk of forfeiture or restrictions on transfer for purposes of Section 83 of the Code. However, a recipient who so elects under Section 83(b) of the Code within 30 days of the date of transfer of the restricted shares, will recognize ordinary income on the date of transfer of the shares equal to the excess of the fair market value of the restricted shares (determined without regard to the risk of forfeiture or restrictions on transfer) over any purchase price paid for the shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted shares that are subject at that time to a risk of forfeiture or restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the recipient.

A Participant generally will not recognize income upon the grant of performance shares or performance units. Upon payment in respect of performance shares or performance units, the Participant generally will recognize as ordinary income an amount equal to the amount of cash received and the fair market value of any unrestricted shares received.

To the extent that a Participant recognizes ordinary income in the circumstances described above, the Company or subsidiary for which the Participant performs services will be entitled to a corresponding deduction, provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Section 280G of the Code and is not disallowed by the $1,000,000 limitation on certain executive compensation under Section 162(m) of the Code.

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Section 162(m) of the Code

As discussed above, the 2016 Incentive Plan provides for the establishment of Management Objectives, which Management Objectives will be determined by the Compensation Committee and will be based on measurable objectives established for Participants who have received Performance Awards. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the subsidiary, affiliate, division, department, region or function within the Company or subsidiary or affiliate which employs the Participant. The Management Objectives may be made relative to the performance of other companies. The Management Objectives applicable to any Award to a covered employee as defined in Section 162(m) of the Code will be determined by the Compensation Committee and will be based on specified levels of, or growth in, one or more of the following criteria, or any derivative thereof: (a) cash flow/net assets ratio, (b) debt/capital ratio, (c) return on total capital, (d) return on equity, (e) earnings per share, (f) revenue, (g) total return to stockholders, (h) backlog, (i) contribution margins, (j) sales, (k) bookings, (l) contract value, (l) operating income, and (m) earnings before interest, taxes, depreciation and amortization. The Compensation Committee may specify that such performance measures shall be adjusted to exclude any one or more of (i) nonrecurring or unusual items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the write-down of any asset, and (v) charges for restructuring and rationalization programs. If the Compensation Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances make the Management Objectives unsuitable, the Compensation Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement as it deems appropriate subject to certain limitations on modifications to covered employees under Section 162(m) of the Code. The Compensation Committee may also utilize Management Objectives to make other Awards granted to covered employees qualify as performance based awards under Section 162(m) of the Code.

A vote in favor of approving the 2016 Incentive Plan will be a vote approving all the material terms and conditions of the 2016 Incentive Plan for purposes of the performance-based compensation exception to Section 162(m) of the Code.

Vote Required

The affirmative vote of a majority of the shares represented at the Annual Meeting and actually voting on this proposal is required for the approval of 2016 Incentive Plan. Because only majority of shares actually voting is required to approve Proposal 4, broker non-votes will have no effect on the outcome of the voting on this proposal. Abstentions will have the legal effect of a vote against this proposal.

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE 2016 EQUITY AND PERFORMANCE INCENTIVE PLAN

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INFORMATION REGARDING SECURITY OWNERSHIP

The following tables set forth certain information regarding the beneficial ownership of our common stock as of March 31, 2016 by (i) each of our directors, (ii) each of our Named Executive Officers (as defined in the Summary Compensation Table below), (iii) all of our executive officers and directors as a group, and (iv) each person known by us to beneficially own more than 5% of the outstanding shares of our common stock. The percentages in these tables are based on 117,326,782 outstanding shares of common stock as of March 31, 2016. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares underlying options held by that person that will be exercisable within 60 days of March 31, 2016 are deemed to be outstanding. Such shares, however, are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Security Ownership of Directors and Executive Officers

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2016 by (i) each of our directors and director nominees, (ii) each of our Named Executive Officers, and (iii) all of our executive officers, directors and director nominees as a group. No family relationships exist among our directors and executive officers.

Beneficial Owner(1)	Number of Shares Directly Owned	Number of Shares Subject to Currently Exercisable Options or Which May be Acquired Within 60 Days(2)	Total Shares Beneficially Owned	Percent
Philip G. Heasley	1,383,869	935,640	2,319,509	2.0%
Scott W. Behrens	235,567	301,691	537,258	*
Dennis P. Byrnes	293,729	211,316	505,045	*
Daniel J. Frate	166,850	99,232	266,082	*
Anthony M. Scotto, Jr	177,162	256,610	433,772	*
Janet O. Estep	6,048		6,048	*
James C. Hale, III	8,566		8,566	*
James C McGroddy	35,781	120,000	155,781	*
Charles E. Peters, Jr.	10,242		10,242	*
David A. Poe	23,781		23,781	*
Adalio T. Sanchez	17,062		17,062	*
John M. Shay, Jr.	38,781	90,000	128,781	*
Jan H. Suwinski	113,781	210,000	323,781	*
Thomas W. Warsop	15,242		15,242	*
All Directors and Executive Officers as a group (16 persons)	2,589,985	2,337,570	4,927,555	4.1%

* Less than 1% of the outstanding shares of our common stock.

(1) The address for all of our directors, director nominees and executive officers is the address of the Company s principal executive offices located at 3520 Kraft Rd, Suite 300, Naples, Florida 34105.

(2) Includes shares issuable upon exercise of vested stock options as of 60 days following March 31, 2016.

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Security Ownership of Certain Beneficial Owners

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2016 (except as noted below) by each person known by us to beneficially own more than 5% of the outstanding shares of our common stock.

Beneficial Owner	Number of Shares	Percent
Waddell & Reed Investment Management Co.(1) 6300 Lamar Avenue, Overland Park, KS 66202	15,051,164	12.8%
Brown Capital Management, LLC(2) 1201 N. Calvert Street, Baltimore, MD 21202	11,923,475	10.0%
BlackRock, Inc.(3) 40 East 52nd Street, New York, NY 10055	10,453,408	8.9%
The Vanguard Group(4) 100 Vanguard Blvd., Malvern, PA 19355	8,346,373	7.1%
Vulcan Value Partners, LLC(5) Three Protective Center 2801 Highway 280 South, Suite 300, Birmingham, AL 35223	8,055,100	6.9%

(1) Based on a Schedule 13G filed with the SEC on February 12, 2016, which contained information as of December 31, 2015.

(2) Based on a Schedule 13G filed with the SEC on April 11, 2016., which contained information as of March 31, 2016.

(3) Based on a Schedule 13G filed with the SEC on January 25, 2016, which contained information as of December 31, 2015.

(4) Based on a Schedule 13G filed with the SEC on February 10, 2016, which contained information as of December 31, 2015.

(5) Based on a Schedule 13G filed with the SEC on February 16, 2016, which contained information as of December 31, 2015.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act and the rules of the SEC require our directors, certain officers and beneficial owners of more than 10% of our outstanding common stock to file reports of their ownership and changes in ownership of our common stock with the SEC. Company employees generally prepare these reports on behalf of our executive officers on the basis of information obtained from them and review the forms submitted to us by our non-employee directors and beneficial owners of more than 10% of the common stock. Based on such information, we believe that all reports required by Section 16(a) of the Exchange Act to be filed by our directors, officers and beneficial owners of more than 10% of the common stock during or with respect to 2015 were filed on time, except that Daniel J. Frate did not timely file a Form 4 for option exercise and sale transactions occurring in March 2015, but such Form 4 was subsequently filed.

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INFORMATION REGARDING EQUITY COMPENSATION PLANS

The following table sets forth, as of December 31, 2015, certain information related to our compensation plans under which shares of our common stock are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	7,776,496(1)	$ 14.37	5,795,292(2)
Equity compensation plans not approved by security holders	476,750(3)		0
Total	8,253,246(4)	$ 14.37	5,795,292(2)

(1) This number reflects shares reserved for issuance in connection with performance share and performance-based restricted share awards under our 2005 Equity and Performance Incentive Plan outstanding as of December 31, 2015 based on the targeted award amounts.
(2) Of these shares, 487,044 remain available for future issuance under our 1999 Employee Stock Purchase Plan and 5,308,248 remain available for future issuance under our 2005 Equity and Performance Incentive Plan.
(3) This number reflects restricted share awards issued to new employees in connection with the Company s acquisition of PAY.ON AG.
(4) Excludes 21,036 options with a weighted-average exercise price of $29.76 that the Company assumed in connection with its acquisition of Online Resources Corporation.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis is designed to provide stockholders with an understanding of our compensation philosophy, core principles and decision making process. It discusses the determinations of the Compensation and Leadership Development Committee of our Board of Directors (the Committee for purposes

of this discussion and analysis) of how and why, in addition to what, compensation actions were taken for the following Named Executive Officers during 2015.

Phillip G. Heasley	President and Chief Executive Officer
Scott W. Behrens	Senior Executive Vice President and Chief Financial Officer
Daniel J. Frate	Group President, Customer Management and Maintenance
Anthony M. Scotto, Jr.	Senior Executive Vice President, Chief of Technology
Dennis P. Byrnes	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary

Executive Summary

2015 Financial Results

Several key accomplishments for 2015 include the following:

Total sales bookings up 19% over 2014, after adjusting for foreign exchange (fx) fluctuations;

New sales bookings up 8% over 2014, after adjusting for (fx) fluctuations;

Revenue of $1.046 billion, an increase of $30 million over 2014;

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of $260 million, unchanged from 2014 and;

Operating free cash flow of $143 million, up 6% over 2014.

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2015 Resulting Pay Outcomes

Our 2015 annual variable cash incentive compensation program and 2013 LTIP (performance period 2013-2015) program are designed to closely tie the compensation paid to our Named Executive Officers with the performance of the Company. A summary of these compensation elements, the applicable performance metrics, and the results we achieved are set forth in the table below.

Compensation Element	Performance Metrics	Results Achieved
2015 MIC	Operating Income (75% weighting) and SNET (25% weighting) for the 2015 fiscal year	Our 2015 SNET attainment was 87.1%, below the threshold level of 90%. Our Operating Income attainment was 87.6%, below the threshold level of 90%. *(See Retention Grants)*
2013 LTIP	Compound annual growth rate of sales and cumulative operating income for the three-year period 2013 through 2015.	Our 2013-2015 results did not achieve the threshold cumulative operating income level. Accordingly, the 2013 LTIP performance shares did not vest. *(See LTIP Retention Grants)*

Retention Grants

Although the Company performed well on several important financial metrics, the Company has historically set challenging management performance objectives. For 2015, the Committee determined that the Company did not meet the 2015 MIC Core Financial Metrics Operating Income and SNET. Accordingly, the Funded Incentive Pool level was 0% and no payout was achieved under the 2015 MIC plan.

However, in order to enhance retention of MIC plan participants and incent continued shareholder value creation, the Committee determined in February 2016 to grant retention awards aggregating approximately 49% of the value of the on-target 2015 MIC plan. Approximately 90% of the aggregate value of this retention award program was delivered in the form of restricted stock. The balance was delivered in cash awards. Awards granted to recipients, other than the Named Executive Officers, vest in equal installments on July 1, 2016 and January 1, 2017.

The table below summarizes retention awards granted to Named Executive Officers. These awards vest in equal installments on July 1, 2016 and July 1, 2017.

Name	Grant Date Value(1)	Number of Restricted Shares
Philip G. Heasley	$ 538,990	30,128
Scott W. Behrens	$ 262,500	14,673
Daniel J. Frate	$ 286,991	16,042
Anthony M. Scotto, Jr.	$ 258,743	14,463
Dennis P. Byrnes	$ 239,994	13,415

(1) Grant date value was computed in accordance with FASB ASC Topic 718.

LTIP Retention Grants

The Committee determined that the threshold three-year cumulative operating income performance metric under each of the 2013 LTIP performance shares (2013-2015 performance period) and 2014 LTIP performance shares (2014-2016 performance period) would not be achieved. Accordingly, those plans performance shares would not vest. The following factors led to this result:

The original three-year targets were set based on the Company s aspirational strategic plan in place at the time the plan was adopted, and the targets were further augmented to reflect projected results from acquisitions; and

The shift in customer behavior from on-premise licensed products to SaaS offerings was much more rapid than anticipated, with a resulting shift in the timing of revenue and operating income.

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Performance shares constitute approximately 60% of the grant date value of annual LTIP awards, with time based stock options comprising the balance of the value.

Based on relative total shareholder return performance, significant shareholder value was created over the initial term of the 2013 and 2014 plans. To recognize the increase in shareholder value, and also to mitigate a concern about a loss of critical human capital due to not achieving the LTIP targets, the Committee awarded performance-based restricted shares to replace the 2013 and 2014 LTIP performance shares. These performance-based restricted share awards are referred to as the 2013 LTIP Retention Shares and the 2014 LTIP Retention Shares, respectively.

2013 LTIP Retention Shares

The aggregate on-target value of the 2013 LTIP Retention Shares equals approximately 93% of the on-target value of the original 2013 LTIP performance shares. One-third of the 2013 LTIP Retention Shares vest, if at all, based upon the achievement of the Company s 2015 EBITDA performance. The remaining two-thirds vest, if at all, based upon the achievement of the Company s 2016 EBITDA performance. On-target EBITDA is the street consensus EBITDA estimate at the time of grant (as adjusted), yielding 100% vesting of the 2013 LTIP Retention Shares. 80% achievement of the EBITDA performance goal is the threshold performance, yielding 75% vesting; and 120% achievement of the EBITDA performance goal yields the maximum 150% vesting.

On June 9, 2015 the Committee granted 2013 LTIP Retention Share awards to the Named Executive Officers as follows:

Name	Grant Date Value(1)	Number of On-Target Performance-Based Restricted Shares
Philip G. Heasley	$ 3,174,594	130,053
Scott W. Behrens	$ 1,058,174	43,450
Daniel J. Frate	$ 1,058,174	43,450
Anthony M. Scotto, Jr.	$ 793,667	32,514
Dennis P. Byrnes	$ 1,058,174	43,450

(1) Grant date value was computed in accordance with FASB ASC Topic 718.

2014 LTIP Retention Shares

The aggregate on-target value of the 2014 LTIP Retention Shares equals approximately 73% of the on-target value of the original 2014 LTIP performance shares. The 2014 LTIP Retention Shares vest, if at all, based upon the achievement of the Company s 2016 EBITDA performance. The on-target achievement is the street consensus EBITDA estimate at the time of grant (as adjusted), yielding 100% vesting. 80% achievement of the EBITDA performance goal is the threshold performance, yielding 75% vesting; and 120% achievement of the EBITDA performance goal yields the maximum 150% vesting.

On September 15, 2015 the Committee granted 2014 LTIP Retention Share awards to the Named Executive Officers as follows:

Name	Grant Date Value(1)	Number of On-Target Performance-Based Restricted Shares
Philip G. Heasley(2)		
Scott W. Behrens	$ 503,382	22,996
Daniel J. Frate	$ 503,382	22,996
Anthony M. Scotto, Jr.	$ 503,382	22,996
Dennis P. Byrnes	$ 503,382	22,996

(1) Grant date value was computed in accordance with FASB ASC Topic 718.

(2) The Committee considered individual award limitations under the Company s 2005 Incentive Plan and did not grant Mr. Heasley 2014 LTIP Retention Shares.

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Stockholder Friendly Pay Practices

- Our equity awards and annual variable cash incentive awards are subject to our recoupment policy.
- We have stock ownership guidelines for our directors and executive officers.
- We grant annual equity awards so our executive officers have unvested awards that could decrease in value if they do not manage the business with a view to the Company s long-term success.
- We have a balance of time horizons for our incentive awards, including an annual cash incentive program and three-year performance periods for our performance shares and stock options.
- With the exception of our Chief Executive Officer, none of our executive officers, including our Named Executive Officers, has an employment agreement with the Company.
- Over 95% of the votes cast at our 2015 Annual Meeting of Stockholders in the advisory vote on the executive compensation of our Named Executive Officers approved the executive compensation paid to our Named Executive Officers.
- Our equity plans expressly prohibit re-pricing awards without stockholder approval.
- We have no supplemental retirement benefits and minimal perquisites.
- The Committee is advised by Pearl Meyer, an independent executive compensation consultant.
- The Current CEO Employment Agreement effective January 2016 does not include excise tax gross-up provisions.

Overview

The remainder of the Compensation Discussion and Analysis discussion below is organized as follows:

- *Our Executive Compensation Philosophy*. This section contains our compensation philosophy and objectives with respect to our executive officers.
- *How We Determine Executive Compensation*. This section contains a discussion of the roles of the parties included in the process of determining executive officer compensation.
- *Elements of Executive Officer Compensation*. This section details each element of the compensation we provide to our executive officers, describes the key features and how each element furthers our compensation philosophy and the relevant decisions made for

2015.

Analysis of Named Executive Officer Compensation. This section focuses on the compensation provided to each Named Executive Officer during 2015.

Analysis of 2015 Incentive Compensation Programs. This section contains details of the cash-based and equity-based incentive compensation programs pursuant to which we granted Named Executive Officers awards during 2015, including the supplemental and retention equity awards granted to our named executive officers in 2015.

Equity Policies. This section describes our equity policies, including our stock ownership guidelines and our equity award granting policy.

Tax and Accounting Implications. This section explains our practices with respect to Section 162(m) of the Internal Revenue Code, as amended (the Code), and the deductibility of compensation paid to executive officers as well as our accounting practices for share-based compensation awards under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation.

Agreements with Named Executive Officers. This section contains a description of the material terms of our agreements with our Named Executive Officers.

2016 Compensation Update. This section contains a brief description of actions taken regarding executive compensation for 2016.

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Our Executive Compensation Philosophy

The purpose of our executive compensation program is to:

- attract and retain highly qualified executives who provide leadership to the organization necessary to drive superior results;
- reward senior executives for achieving measurable goals designed to drive superior company results; and
- strengthen the commonality of interest between our stockholders and senior executives.

Underlying the three purposes of executive compensation is our strong belief in a pay-for-performance philosophy. As a result, a significant portion of our executive officer compensation is variable with the level of compensation actually earned by the executive depends on the Company s performance against specified financial, operational and strategic goals and objectives. As the following chart demonstrates, between 81% and 87% of the total on-target compensation provided to our Named Executive Officers is variable compensation linked directly to the performance of the Company.

We design our executive compensation programs to create incentives that promote a balance of short-term profitability, growth and success and long-term value growth for our stockholders. However, to be successful, we must attract talent globally from the information technology, software development and services and financial payments markets. Accordingly, we strive to design executive compensation programs that are competitive in these industries as well as across a broader spectrum of companies of comparable size and complexity in local and global markets.

We compensate our executive officers with a mix of base salary, variable cash incentives and long-term equity incentives. Base salary is designed to provide a market competitive level of pay for each executive based on the executive s level within the organization. Variable cash and long-term equity incentives are designed to reward executives for their contributions to the Company s performance. Executive officer contributions are measured based on achievement of performance targets that correlate to increasing the market success of the business and stockholder value.

To implement our pay-for-performance philosophy, we target total cash compensation for executives at the median of relevant market levels for the respective position. For purposes of this discussion and analysis, the median of relevant market levels or market median typically means the 50th percentile of our current peer group and competitive market data or comparative market data refer to market data regarding our peer group. We generally target base salary levels for our executive officers slightly below market median levels with annual short-term variable cash incentive opportunities tied to specific and measurable performance goals that are important to the Company s success and targeted to pay out slightly above market median levels when performance goals are achieved or exceeded.

With respect to equity incentives, we strive to grant our executive officers long-term equity incentive opportunities with a targeted grant date value equal to the 65th percentile of the competitive market data for each position. The use of the 65th percentile of competitive market data for on-target long-term incentive awards demonstrates our belief that executive compensation should emphasize performance-based metrics linked to long-term value creation and stockholder alignment.

In 2015, certain officers, including each of the Named Executive Officers other than Mr. Heasley and Mr. Byrnes, received supplemental equity incentive awards in addition to the long-term equity incentives described above.

In 2015, each of the Named Executive Officers received retention equity awards in addition to the long-term equity incentives described above.

How We Determine Executive Compensation

Role of Compensation Committee

The Committee operates pursuant to a charter (the Compensation Committee Charter), a copy of which is available on our website at *www.aciworldwide.com* in the About ACI Investor Relations Corporate Governance section. Ms. Estep, and Messrs. Sanchez, Warsop and Suwinski currently serve as members of the Committee. At all times during 2015, each of the Committee s members was independent as defined in Rule 5605(a)(2) of the NASDAQ listing standards.

The Committee approves base salary and incentive compensation for, and addresses other compensation matters with respect to, our executive officers, including our Named Executive Officers. The Committee grants all stock options and other equity awards to all employees.

In determining our executive officers compensation, the Committee primarily considers the following:

- the value of similar incentive awards to officers at comparable companies;
- the result of the stockholder advisory vote on executive compensation; and
- the equity and long-term incentive awards given to the officers in prior years.

The Committee is also responsible for the periodic review and evaluation of (i) the terms and administration of our annual and long-term incentive plans to assure that they are structured and administered in a manner consistent with our goals and objectives; (ii) existing equity-related plans and the adoption of any new equity-related plans, including a review and evaluation of our policies and practices relating to grants of equity-based compensation; and (iii) our employee benefits and, if applicable, perquisite programs and approval of any significant changes therein. The Committee also monitors the results of the annual stockholder advisory vote on executive compensation and factors it into the compensation plan.

Role of Our CEO

Our CEO recommends to the Committee the compensation packages for all executive officers. In addition, our CEO annually evaluates the performance of each executive officer and, based on that review, may recommend changes in the executive officer s compensation to the Committee.

The CEO s recommendations may include changes in base salary and the annual on-target variable cash incentive awards under our Management Incentive Compensation (MIC) program, discretionary cash bonuses,

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additional or supplemental equity grants, modifications to standard vesting schedules that are deemed to be in the best interest of the Company, and changes to future MIC plan performance metrics or targets to reflect changes in the scope or focus of an executive s position. All compensation changes for executive officers must be reviewed and approved by the Committee.

Management recommends to the Committee performance targets for our MIC program, which targets are based on our one-year operating plan. Management also makes recommendations for our long-term equity program. The equity program targets are tied to our five-year strategic plan.

Role of External Consultants

Pearl Meyer served as the Committee s independent compensation consultant in connection with establishing the 2015 executive compensation.

The Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. The Committee conducted a specific review of its relationship with Pearl Meyer in 2015, and determined that Pearl Meyer s work for the Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act and associated SEC and NASDAQ standards. In making this determination, the Committee reviewed information provided by Pearl Meyer on the following factors:

- any other services provided to the Company by Pearl Meyer;
- fees received by Pearl Meyer from the Company as a percentage of Pearl Meyer s total revenue;
- policies or procedures maintained by Pearl Meyer to prevent a conflict of interest;
- any business or personal relationship between the individual Pearl Meyer consultants assigned to the Company and any Committee member;
- any business or personal relationship between the individual Pearl Meyer consultants assigned to the Company, or Pearl Meyer itself, and our executive officers; and
- any Company stock owned by the individual Pearl Meyer consultants assigned to the Company.

In particular, the Committee noted that Pearl Meyer did not provide any services to the Company or its management other than service to the Committee, and its services were limited to executive compensation consulting. Specifically Pearl Meyer does not provide, directly or indirectly through affiliates, any non-executive compensation services, including, but not limited to, pension consulting or human resources outsourcing. The Committee will continue to monitor the independence of its compensation consultant on a periodic basis.

Pearl Meyer s role in 2015 included:

- assisting the Committee with the establishment of the peer comparison group of companies;
- conducting a competitive compensation analysis for key senior management positions within the Company, including each Named Executive Officer s position;

- reviewing the annual variable cash incentive program and the long-term equity incentive compensation programs;
- consulting regarding the retention equity award programs;
- consulting regarding our independent director compensation program; and
- conducting a benchmarking analysis of compensation against the peer group of companies for the Committee s review.

In connection with its performance of these activities, Pearl Meyer met with the Committee both with and without management present. From time to time, Pearl Meyer also conducted surveys and analyses to assist the Committee in its analysis and decision-making process related to executive compensation. Pearl Meyer did not provide any services beyond executive and independent director compensation consulting services during 2015.

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Effect of 2015 Advisory Vote on Compensation

The Committee will continue to take into account the outcome of the stockholder advisory vote on our executive compensation when considering future executive compensation arrangements. The Company received strong stockholder support of our executive compensation at our 2015 Annual Meeting of Stockholders.

Market Referencing   The 2015 Peer Group

Each year we identify a peer group of businesses for the purpose of benchmarking our executive compensation pay and practices. The peer group used to compare the levels and elements of compensation provided to our executive officers in 2015 is listed below.

Advent Software Inc.	Micros Systems Inc.
Blackbaud Inc	Pegasystems Inc.
CSG Systems International Inc.	Progress Software Corp
Euronet Worldwide Inc.	Solera Holdings Inc.
Fair Isaac Corp	SS&C Technologies Hlgs
Jack Henry & Associates Inc.	TIBCO Software Inc.
Informatica Corp.	Verifone Systems Inc.

The criteria for selecting companies for our 2015 peer group included U.S. publicly-traded companies in the software or information technology services industries of an appropriate similarity of size, based on revenue and market capitalization as well as companies that have a similar focus in terms of products or customer which would likely compete against the Company for financial capital and employees.

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Elements of Executive Compensation

Our executive compensation programs are comprised of the following principal elements, each of which is described in more detail below:

Element of Compensation	Purpose	Pay for-Performance Considerations	Target Positioning
Cash and Short-Term Variable Cash Compensation:			
Base Salary	Provides competitive, fixed compensation to attract and retain exceptional executive talent.	Adjustments to base salary consider the individual s overall performance, contribution to the business and internal and external comparisons.	We target base salary for our executive officers slightly below market median levels (50th percentile of peer group companies).
Executive Management Incentive Compensation	Encourages and rewards achievement of annual financial, operational and strategic performance goals.	The potential amount received by an executive officer varies to the degree we achieve our annual financial, operational or strategic performance goals and the extent to which the executive officer contributes to the achievement.	We target annual short-term variable cash incentive compensation to pay out slightly above market median levels when performance goals are achieved so that when combined with base salary each executive officer s total cash compensation is at market median level.
Long-Term Incentive Compensation:			
Performance Shares and Stock Options	Encourages executive officers to focus on the long-term performance of the Company, links an executive officer s incentives to our stockholders interests in increasing our stockholder value, encourages significant ownership of our common stock and promotes long-term retention of our executives officers.	Performance Shares: The number of performance shares earned by an executive officer, if any, is based on the Company s performance over a three-year performance period against specified financial, operational or strategic performance goals. Stock Options: The potential appreciation in our stock price above the exercise price for stock options	We grant long-term incentive awards with targeted grant date value equal to the long-term incentives for the 65th percentile of comparative market data.

motivates our executives to build stockholder value as the executive officer only realizes value from the stock option if the stock price appreciates.

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Element of Compensation	Purpose	Pay for-Performance Considerations	Target Positioning
Supplemental Long-Term Incentive Compensation:			
Performance Shares and Stock Options	Provided to select executive officers as recommended by the CEO. Awards are in addition to long-term incentive equity awards otherwise provided to the executive officer. Encourages executive officers to focus on the long-term performance of the Company and promotes long-term retention of the executives officers.	Performance Shares: The number of performance shares earned by an executive officer, if any, is based on the Company s performance over a three-year performance period commencing with year three and continuing through year five. Stock Options: The potential appreciation in our stock price above the exercise price for stock options motivates our executives to build stockholder value as the executive officer only realizes value from the stock option if the stock price appreciates.	Grant date values of supplemental long-term incentive awards vary.
Retention Awards:			
Performance-Based Restricted Shares	Provided to select executive officers who participated in the 2013 LTIP and 2014 LTIP. Encourages executive officers to focus on the long-term performance of the Company and promotes long-term retention of the executives officers.	The number of performance-based restricted shares earned by an executive officer, if any, is based on the Company s performance over a one or two-year period.	Grant date values of retention awards vary. With respect to the 2013 and 2014 LTIP Retention Shares, grant date values were set at an amount meant to restore the anticipated loss in incentive value associated with the determination that the respective LTIP performance shares would not vest.
Restricted Shares	Provided to 2015 MIC participants.	The potential appreciation in our	Grant date values of retention awards vary.

Encourages employee retention and alignment with shareholder interests by providing equity to a broad group of employees.	stock price motivates our executives to build stockholder value as the executive officer realizes value from the stock price appreciation.	With respect to the retention awards issued to NEOs in February 2016, the grant date values did not exceed 75% of the recipient s on-target 2015 MIC award value.

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Element of Compensation	Purpose	Pay for-Performance Considerations	Target Positioning
Other Elements:			
Deferred Compensation Benefits	Allows executive officers and other senior managers of the Company to defer compensation on a more tax-efficient basis by deferring employee contributions of base salary or annual variable cash incentive compensation.	Not applicable	We strive to provide market competitive benefits consistent with benefits provided at other companies with whom we compete for talent.
Health, Retirement and Other Benefits	Provides broad-based market competitive employee benefits program such as participation in benefit plans generally available to our employees, including, employee stock purchase plan, 401(k) retirement plan, life, health and dental insurance and short-term and long-term disability plans.	Not applicable	Our goal is to provide health, retirement and other benefits at a reasonable cost consistent with health, retirement and other benefits provided at other companies with whom we compete for talent.
Change-in-Control Benefits	Preserves productivity, avoids disruption and prevents attrition during a period when we may be involved in a change-in-control transaction and motivates executives to pursue transactions that are in our stockholders best interests notwithstanding the potential negative impact of the transaction on their future employment.	Not applicable	We strive to provide market competitive post-termination benefits consistent with the post-termination benefits provided at other companies with whom we compete for talent.

Cash and Short-Term Variable Cash Compensation

Our compensation philosophy provides that the total on-target cash compensation of our executives should generally be at the market median (50th percentile of our current peer group). However, based on our pay-for- performance approach, we believe that annual variable cash incentive compensation tied directly to annual financial, operational and strategic performance goals should comprise a greater percentage of each executive s total cash compensation. As a result, we generally set base salaries for our executive officers slightly below the market median with annual on-target variable cash incentive compensation set slightly above the market median.

Base Salary. We generally target base salary levels for our executive officers slightly below market median levels. Each executive officer s base salary, except our Chief Executive Officer s (CEO), is based on the recommendation of our CEO to the Committee. These recommendations consider competitive market data assessments prepared by our independent compensation consultant. Other business factors used by the CEO in formulating base salary recommendations include the Company s operating budget, a desire to phase in compensation changes over more than one fiscal year, relative levels of cash incentive and long-term equity compensation, the performance of a particular executive officer s business unit in relation to established strategic plans, long-term potential of the executive officer to contribute to our financial position, retention concerns, if any, for individual executives, the overall operating performance of the Company, and the assessment of the executive s performance in the executive s annual performance appraisal. Based on data from the peer group, base salaries for our Named Executive Officers are established.

Mr. Heasley s compensation and the terms of his employment are set forth in his employment agreement, which agreement is discussed in further detail below in the section entitled CEO Employment Agreement. The Committee reviews Mr. Heasley s compensation, including his base salary and on-target incentive compensation, and the terms of his employment agreement on an annual basis in connection with the review of all other executive officers compensation. The Committee considers competitive market data provided by our independent compensation consultant, the performance of the Company and progress on operational and strategic goals in this review. Information regarding the results of the 2015 review of Mr. Heasley s compensation along with details regarding the compensation for our Named Executive Officers during 2015 is set forth below under Analysis of 2015 Named Executive Officer Compensation as well as in the Summary Compensation Table set forth in the Executive Compensation section below.

Variable Cash Incentive Compensation. We generally establish annual on-target variable cash incentive compensation for our executive officers to pay out slightly above market median levels when the performance goals are achieved so that when combined with the executive officer s base salary, total on-target cash compensation for each executive officer falls within the market median. Our variable cash incentive program is known as our Management Incentive Compensation (MIC) program. Our MIC program is generally available to employees at or above the director level (e.g. one level below a vice president) and provides variable cash awards for business and individual performance during a 12-month performance period. The MIC program is designed to encourage an individual s contribution to, and reward an individual for, Company-wide performance and the attainment of specific operational and financial goals that are controlled by, or can be directly impacted, by the individual.

Our CEO recommends annual on-target MIC awards for each executive officer, excluding himself. The CEO s recommendations take into account competitive market data provided by our independent compensation consultant and general market data and compensation surveys provided by internal compensation resources.

Our MIC program provides for payments ranging from 0% of the applicable bonus opportunity, if the threshold performance levels are not attained, to 200% of the applicable bonus opportunity, if all performance is at or above the levels established to qualify for maximum payouts. Payments for performance between the threshold and maximum levels are interpolated based on the level of performance achieved.

Individualized MIC performance metrics and objectives are established for our executive officers as part of the establishment of our annual operating budget. Performance metrics and related targets for our executive officers may include a mix of core Company-level financial metrics and business unit financial metrics that may be tailored to include important operational factors under the executive officer s control. The performance metrics for our executive officers are all performance metrics set forth in the Executive MIC Plan approved by our stockholders. The Committee approves the performance metrics and objectives for each executive officer and our CEO.

The individual award agreements with each participant in the MIC program, including our Named Executive Officers, grant the Company the right to require a participant to forfeit his or her right to payment or to reimburse the Company for any payments previously paid, along with any other action the Company deems necessary or appropriate, in the event it is determined that the individual participant engaged in misconduct in the course of his or her employment.

In order to be entitled to any payment under the MIC program, the participant must (i) achieve a performance rating of three or higher on a five-point scale; and (ii) be an employee of the Company on the date of payment, except to the extent otherwise provided by the Company. If the participant s employment with the Company terminates for any reason prior to the payment date, the participant is not eligible for a MIC bonus, and he or she forfeits all rights to such payment except to the extent otherwise provided by the Company.

The Committee retains the right at any time to: (i) amend or terminate an individual executive s MIC plan, in whole or in part, (ii) revoke any eligible executive s right to participate in the MIC program, (iii) determine the performance against targets, and (iii) make adjustments to performance targets.

Information about the MIC awards earned by our Named Executive Officers during 2015 is set forth below under Analysis of 2015 Incentive Compensation Programs as well as in the Summary Compensation Table set forth in the Executive Compensation section below.

Long-Term Incentive Compensation

Our long-term incentive program (LTIP) provides for the grant of equity awards and is available to a small group of senior management employees, including executive officers, whose responsibilities and decisions directly impact long-term business results. Including equity awards in the compensation package of our executive officers is beneficial in aligning management and stockholder interests.

The grant value of LTIP equity awards is generally targeted at the 65^{th} percentile of competitive market data. The use of the 65^{th} percentile of competitive market data demonstrates our belief that executive compensation should emphasize performance-based metrics linked to long-term value creation and stockholder alignment. By setting the target long-term incentive award above the competitive market median, we believe we provide executives greater incentive to drive company results that increase long-term stockholder value.

During 2015, the only equity incentive plan we had pursuant to which we granted equity awards, including our 2015 LTIP equity awards, 2015 Supplemental LTIP equity awards and retention equity awards was the 2005 Incentive Plan. A copy of the amended 2005 Incentive Plan was attached as Exhibit 10.07 to our Quarterly Report on Form 10-Q filed with the SEC on July 31, 2014.

In addition to annual grants under LTIP, we may also grant equity awards to new executives at the time of hire. Additional or special grants of equity awards may also be made to incumbent executives upon the recommendation of the CEO. During 2015, the Committee granted special equity awards to our Named Executive Officers. These awards are described as supplemental long-term awards and retention awards. The Committee also granted special equity awards to certain Named Executive Officers in 2016. These awards are described as supplemental long-term awards below. See also the 2016 Executive Compensation Update 2016 Supplemental LTIP section for detailed grant information.

Supplemental Long-Term Awards

In 2015 the Committee granted additional equity awards to three of our Named Executive Officers. The supplemental LTIP equity awards are in addition to the equity awards granted to the recipients under the Company s LTIP. These supplemental awards are meant to enhance retention and further incent the achievement of the Company s long-term objectives. The Committee, upon the recommendation of the CEO, may again grant supplemental LTIP equity awards to other employees, including Named Executive Officers, in order to provide additional alignment of an executive s interests with those of our stockholders and foster long-term retention.

Information about the supplemental LTIP equity awards granted to our Named Executive Officers during 2015 is set forth under the Analysis of 2015 Incentive Compensation Programs section below. Information about the 2016 supplemental equity awards granted to the Named Executive Officers is set forth under the 2016 Compensation Update 2016 Supplemental LTIP section below.

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Retention Awards

In 2015 and 2016 the Committee granted additional equity awards to our Named Executive Officers as retention awards. The retention awards are in addition to the equity awards granted to the recipients under the Company s LTIP and supplemental LTIP. These retention awards are meant to enhance retention and further incent the achievement of the Company s long-term objectives. The Committee, upon the recommendation of the CEO, may again grant retention awards to other employees, including Named Executive Officers, in order to provide additional alignment of an executive s interests with those of our and stockholders and foster long-term retention.

Information about the retention awards granted to our Named Executive Officers during 2015 is set forth under the Analysis of 2015 Incentive Compensation Programs section below. Information about the 2016 retention awards granted to the Named Executive Officers is set forth under the 2016 Compensation Update 2016 Retention Awards section below.

Other Elements of Compensation

Employee Stock Purchase Plan. We maintain an employee stock purchase plan that is available to substantially all employees, including our Named Executive Officers. This plan has been approved by our stockholders. Under the plan, participating employees may contribute up to 10% of their base salary (subject to certain IRS limits) to purchase shares of our common stock at the end of each participation period. The participation periods are three-month periods running from February through April, May through July, August through October and November through January each year and the purchase price is equal to 85% of the fair market value of the stock on the last day of the participation period.

Retirement Benefits. We maintain a tax-qualified 401(k) retirement plan that provides for broad-based employee participation. Beginning on the first anniversary of an employee s date of hire, we match the employee s contributions up to 4% of the employee s base salary with an annual match limit of $4,000 for each employee. All employer and employee contributions are 100% vested immediately. Our Named Executive Officers are eligible to participate in the 401(k) retirement plan.

Non-Qualified Deferred Compensation Benefits. In September 2010, the Committee established the Deferred Compensation Plan which is a non-qualified deferred compensation plan in which a select group of management and highly compensated employees, including our Named Executive Officers, may elect to participate. Eligible participants may elect to defer either base salary or incentive compensation received under the MIC program. Deferral amounts are credited to a bookkeeping account maintained by the Company with hypothetical gains or losses attributable to the earnings indices selected by the employee. The following four earnings indices are available under the Deferred Compensation Plan: S&P 500, the Russell 2000, the Barclay s Bond Index and a fixed rate of return equivalent to the prime rate. The earnings indices are to be used for measurement purposes only and amounts deferred under the Deferred Compensation Plan will not represent any actual investment made on the participant s behalf by the Company. It is intended that this Deferred Compensation Plan will conform with the requirements of Internal Revenue Code Section 409A and regulations pursuant thereto. Additional information on the Deferred Compensation Plan can be found under the heading Deferred Compensation Plan in the Executive Compensation section below.

Insurance and Disability Benefits. We provide our Named Executive Officers with basic life, health, dental and disability coverage benefits. These benefits are the same as those provided to other employees within the organization.

Perquisites. The Company generally does not provide additional or special executive-only benefits that are not part of our standard compensation practices for a particular geographic location or used to address special circumstances such as relocations.

Severance Benefits. Except for the employment agreement with Mr. Heasley described in detail below in the section entitled Employment Agreements with Named Executive Officers, we do not have employment or severance agreements with our Named Executive Officers and their employment may be terminated at any time.

Change-in-Control Severance Benefits. Named Executive Officers are entitled to severance benefits under the terms of a Change-in-Control Employment Agreement (CIC Agreement). The change-in-control benefits provided in the CIC Agreements are designed to preserve productivity, avoid disruption and prevent attrition during a period when we are, or are rumored to be, involved in a change-in-control transaction. The change-in-control severance program also motivates executives to pursue transactions that are in our stockholders best interests notwithstanding the potential negative impact of the transaction on their future employment. A description of the current CIC Agreements can be found below under the heading Potential Payments upon Termination or Change-in-Control Change-In-Control Employment Agreements.

Analysis of 2015 Named Executive Officer Compensation

In connection with establishing the 2015 compensation for our CEO and executive officers, the Committee engaged Pearl Meyer to conduct a competitive compensation analysis for key senior management positions within the Company, including each Named Executive Officer s position (the Competitive Analysis). In the Competitive Analysis, Pearl Meyer provided compensation data on the CEOs of our peer group companies for the Committee s consideration as well as compensation data on the other executive officer positions and general industry compensation survey data.

In addition to reviewing competitive market data, the Committee also believes that individual compensation should reflect an executive officer s position and value to our organization considering individual contribution to business results, knowledge and skills, and market value and that individual compensation should also take into consideration long-term potential of the executive officer to contribute to our financial position and retention concerns, if any, for individual executives.

Philip G. Heasley, President and CEO

The Committee reviews our CEO s compensation and the terms of his employment agreement on an annual basis in connection with the review of all other executive officers compensation. Based on a review of the Competitive Analysis, Mr. Heasley s base salary and his annual on-target MIC award for 2015 remained at $700,000.

On January 26, 2015, as part of the 2015 LTIP, Mr. Heasley received an annual equity award with a grant date value of $4,000,000, consisting of 125,786 performance shares and 251,969 stock options.

On June 9, 2015, as part of the 2013 LTIP Retention Shares award, Mr. Heasley received a retention equity award with a grant date fair value of $3,174,594, consisting of 130,053 on-target performance-based restricted shares.

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

Scott W. Behrens joined the Company in June 2007 as our Corporate Controller. In October 2007, the Board appointed him to serve as our Chief Accounting Officer. The Board designated Mr. Behrens as principal financial officer for purposes of SEC filings in March 2009 and then appointed him to serve as our Chief Financial Officer in December 2009. Mr. Behrens ceased serving as our Corporate Controller in December 2010. Mr. Behrens was appointed an Executive Vice President in March 2011 and Senior Executive Vice President in December 2013.

For 2015, Mr. Behrens base salary was increased from $340,000 to $350,000 and his annual on-target MIC award was increased from $340,000 to $350,000 in order to better align his cash compensation with market.

On January 26, 2015, as part of the 2015 LTIP, Mr. Behrens received an annual equity award with a grant date value of $1,000,000, consisting of 31,447 performance shares and 62,992 stock options.

On January 26, 2015, as part of the 2015 Supplemental LTIP, Mr. Behrens received a supplemental equity award with a grant date value of $750,000, consisting of 23,585 on-target supplemental performance shares and 47,244 supplemental stock options.

On June 9, 2015, as part of the 2013 LTIP Retention Shares award, Mr. Behrens received a retention equity award with a grant date fair value of $1,058,174, consisting of 43,350 on-target performance-based restricted shares.

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On September 15, 2015, as part of the 2014 LTIP Retention Shares award, Mr. Behrens received a retention equity award of with a grant date fair value of $503,382, consisting of 22,996 on-target performance-based restricted shares.

Daniel J. Frate, Group President, Customer Management and Maintenance

Mr. Frate has served as our Group President, Customer Management and Maintenance since April 2015. He was our Group President, Strategic Products & Global Markets from when he joined us in August 2012 until April 2015.

For 2015, Mr. Frate s base salary was $400,000 and his annual on-target MIC award was $400,000.

On January 26, 2015, as part of the 2015 LTIP, Mr. Frate received an annual equity award with a grant date value of $1,000,000, consisting of 31,447 performance shares and 62,992 stock options.

On January 26, 2015, as part of the 2015 Supplemental LTIP, Mr. Frate received a supplemental equity award with a grant date value of $500,000, consisting of 15,527 on-target supplemental performance shares and 31,496 supplemental stock options.

On June 9, 2015, as part of the 2013 LTIP Retention Shares award, Mr. Frate received a retention equity award with a grant date fair value of $1,058,174, consisting of 43,350 on-target performance-based restricted shares.

On September 15, 2015, as part of the 2014 LTIP Retention Shares award, Mr. Frate received a retention equity award of with a grant date fair value of $503,382, consisting of 22,996 on-target performance-based restricted shares.

Anthony M. Scotto, Jr., Senior Executive Vice President, Technology

Mr. Scotto has served as Senior Executive Vice President, Technology since December 2013. He joined ACI in March of 2010 and served as Executive Vice President, Global Development from July 2011 and as Vice President Global Development from March 2010.

For 2015, Mr., Scotto s base salary was $315,000 and his on-target MIC award was $315,000.

On January 26, 2015, as part of the 2015 LTIP, Mr. Scotto received an annual equity award with a grant date value of $1,000,000, consisting of 31,447 performance shares and 62,992 stock options.

On January 26, 2015, as part of the 2015 Supplemental LTIP, Mr. Scotto received a supplemental equity award with a grant date value of $500,000, consisting of 15,527 on-target supplemental performance shares and 31,496 supplemental stock options.

On June 9, 2015, as part of the 2013 LTIP Retention Shares award, Mr. Scotto received a retention equity award with a grant date fair value of $793,667, consisting of 32,514 on-target performance-based restricted shares.

On September 15, 2015, as part of the 2014 LTIP Retention Shares award, Mr. Scotto received a retention equity award with a grant date fair value of $503,382, consisting of 22,996 on-target performance-based restricted shares.

Dennis P. Byrnes, Executive Vice President, Chief Admistrative Officer, General Counsel and Secretary

Mr. Byrnes has served as our Executive Vice President, Chief Administrative Officer, General Counsel and Secretary since March 2011. Mr. Byrnes joined the Company in June 2003 as General Counsel and Secretary.

For 2015, Mr. Byrnes base salary was $310,000 and his annual on-target MIC award was $310,000.

On January 26, 2015, as part of the 2015 LTIP, Mr. Byrnes received an annual equity award with a grant date value of $1,000,000, consisting of 31,447 performance shares and 62,992 stock options.

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On June 9, 2015, as part of the 2013 LTIP Retention Shares award, Mr. Byrnes received a retention equity award with a grant date fair value of $1,058,174, consisting of 43,350 on-target performance-based restricted shares.

On September 15, 2015, as part of the 2014 LTIP Retention Shares award, Mr. Byrnes received a retention equity award with a grant date fair value of $503,382, consisting of 22,996 on-target performance-based restricted shares.

Analysis of 2015 Incentive Compensation Programs

2015 Executive MIC

The 2015 MIC program ran from January 1, 2015 through December 31, 2015. All MIC awards granted to our executive officers, including our Named Executive Officers, were granted pursuant to the Executive MIC Plan (the 2015 Executive MIC). Under the 2015 Executive MIC, executive officers were eligible to receive annual bonus awards based on combinations of performance metrics which fall into one of two classes: (i) Core Company Financial Metrics consisting of operating income and SNET, (ii) operational excellence and (iii) business unit performance metrics. The objective of the 2015 Executive MIC was to encourage executives to contribute toward the attainment of the Company s consolidated financial and performance goals for fiscal year 2015.

The 2015 MIC program incorporated a funding mechanism related to the funding of the incentive pool available for payout of MIC bonuses (the Funded Incentive Pool). Only the Core Company Financial Metrics were used to determine the Funded Incentive Pool. The total Funded Incentive Pool available for payout is the weighted payout of the performance metrics, which equaled 0% for the 2015 MIC.

Core Company Financial Metric	Metric Weighting	Target Attainment Percentage	MIC Bonus Payout Percentage
		90% Attainment	40%
Operating Income	75%	Target Attainment	100%
		118% Attainment	200%
		90% Attainment	40%
SNET	25%	Target Attainment	100%
		114% Attainment	200%

The incorporation of the Funded Incentive Pool provides a common set of performance metrics to fund the MIC program for all participants. By establishing a Funded Incentive Pool tied to two key financial metrics, all executive officers and members of the senior management team focus on achieving operating income and SNET results.

Bonus payouts under the 2015 MIC program, including, the 2015 Executive MIC, could have been more or less than the target 100% bonus opportunity (up to a maximum of 200%) depending on the level of attainment against each performance metric target. However, the total MIC bonus paid to our Named Executive Officers could not exceed the Funded Incentive Pool percentage.

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The performance metrics, relative metric weight and actual attainment for the annual bonus opportunities under the 2015 Executive MIC based on the Core Company Financial Metrics are set forth in the table below.

2015 Executive MIC

January 1, 2015 December 31, 2015

Core Company Financial Metric	Metric Weight	Performance Target ($ in thousands)	Actual Attainment ($ in thousands)	Attainment Percentage	Payout Percentage	Weighted Payout Percentage
Operating Income(1)	75%	$ 164,000	$ 143,782	87.6%	0%	0%
SNET	25%	$ 864,000	$ 752,784	87.1%	0%	0%
TOTAL PAYOUT						0%

(1) Operating Income objectives and actual results excluded foreign exchange expenses and certain one-time expenses.

Although the Company performed well on several important financial metrics, the Company has historically set challenging management objectives. For 2015, the Committee determined that the Company did not meet the 2015 MIC Core Financial Metrics Operating Income and SNET. Accordingly, the Funded Incentive Pool level was 0% and no payout was achieved under the 2015 MIC plan.

However, in order to enhance retention of MIC plan participants and incent continued shareholder value creation, the Committee determined in February 2016 to grant retention awards aggregating approximately 49% of the value of the on-target 2015 MIC plan. The retention awards are described below in **2016 Compensation Update 2016 Restricted Share Awards Retention Grants**.

2015 LTIP

The 2015 LTIP was comprised of a combination of stock options and performance shares. The Committee believes that the combination of stock option and performance share awards reinforces the objectives of making long-term incentives (i) variable so that the level of variable compensation actually earned by the executive depends on the Company s performance against specified financial, operational and strategic goals, and (ii) directly tied to increasing stockholder value. Stock options provide a critical and direct link between executives and stockholders.

LTIP Performance Shares. Performance shares provide a competitive, performance-based substitute to traditional time-based equity awards while linking executive management incentives to stockholder interests. We design the performance shares compensation program and the applicable performance metrics to focus executives on a clear set of objectives over a three-year performance period. The performance metrics are developed for each plan cycle and approved by the Committee.

Performance shares granted as part of the 2015 LTIP have a three-year performance period which runs from January 1, 2015 through December 31, 2017 (the Performance Period). Performance shares granted to participants, including our Named Executive Officers, as part of the 2015 LTIP are earned, if at all, based upon the achievement, over the Performance Period, of performance goals relating to the following: (a) compound annual growth rate in SNET over the Performance Period for the Company and (b) the cumulative operating income over the Performance Period for the Company, in each case as determined by the Company.

Receipt of performance shares granted as part of the 2015 LTIP is not guaranteed, and the grantees, including our Named Executive Officers, will earn the awards only if both performance goals exceed a threshold performance level. If the Company achieves the threshold performance level for both performance goals, then grantees will earn performance shares based on a performance matrix that provides 50% of the awarded performance shares are earned for threshold performance, 100% of the awarded performance shares are earned for target performance and 200% of performance shares are earned for performance at or above the maximum performance. Payments for performance between the threshold and maximum levels are interpolated based on the level of performance achieved.

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In accordance with applicable accounting standards, expense related to performance share awards is accrued if the attainment of performance indicators is probable as determined by management. The expense is recognized over the applicable Performance Period. Each quarter management evaluates the probability that the target performance goals will be achieved, if at all, and the anticipated level of attainment.

LTIP Stock Options. The Committee included time-vested stock options in the 2015 LTIP to reward long-term Company performance, link an executive s incentives to the stockholders interests in increasing stockholder value and to provide executives with incentives to stay with the Company. Stock options granted as part of 2015 LTIP vest in equal annual installments over a three-year period and have a 10-year term. In accordance with the Company s equity award granting policy, the exercise price of all stock options equals the closing sale price (price for last trade) of our common stock as reported by The NASDAQ Global Select Stock Market on the date of grant.

2015 Supplemental LTIP

The 2015 Supplemental LTIP was comprised of a combination of stock options and performance shares. The 2015 Supplemental LTIP is designed to reinforce the same objectives as the 2015 LTIP. However, the performance period for the 2015 Supplemental LTIP is five years (2015 through 2019) with the performance measured over the last three years of that five-year period.

Supplemental LTIP Performance Shares. Performance shares provide a competitive performance-based substitute to traditional time-based equity awards while linking executive management incentives to stockholder interests. We design the performance shares compensation program and the applicable performance metrics to focus executives on a clear set of objectives over a five-year performance period. The performance metrics and the relative weight of each metric are developed for each plan cycle and approved by the Committee.

Performance shares granted to participants, including our Named Executive Officers, as part of the 2015 LTIP are earned, if at all, based upon the achievement, over the three-year period 2017 2019, of performance goals relating to the following: (a) compound annual growth rate in SNET and (b) cumulative operating income, in each case as determined by the Company.

Receipt of performance shares granted as part of the 2015 Supplemental LTIP is not guaranteed, and the grantees, including our Named Executive Officers, will earn the awards only if both performance goals exceed a threshold performance level. If the Company achieves the threshold performance level for both performance goals, then grantees will earn performance shares based on a performance matrix that provides 50% of the awarded performance shares are earned for threshold performance, 100% of the awarded performance shares are earned for target performance and 200% of performance shares are earned for performance at or above the maximum performance. Payments for performance between the threshold and maximum levels are interpolated based on the level of performance achieved.

In accordance with applicable accounting standards, expense related to performance share awards is accrued if the attainment of performance indicators is probable as determined by management. The expense is recognized over the applicable Performance Period. Each quarter management evaluates the probability that the target performance goals will be achieved, if at all, and the anticipated level of attainment.

Supplemental LTIP Stock Options. The Committee included time-vested stock options in the 2015 Supplemental LTIP to reward long-term Company performance, link an executive s incentives to the stockholders interests in increasing stockholder value and to provide executives with incentives to stay with the Company. These stock options are scheduled to vest in three equal annual installments on the third, fourth and fifth anniversary of the grant date. In addition, these options become exercisable, if at all, in three equal increments if the closing price per share of the Company s common stock on the NASDAQ Global Select Market meets or exceeds 133%, 167% and 200%, respectively, of the closing price of the Company s common stock on the grant date for at least 20 consecutive trading days prior to the fifth anniversary of the grant date. In accordance with the Company s equity award granting policy, the exercise price of all stock options equals the closing sale price (price for last trade) of our common stock as reported by The NASDAQ Global Select Stock Market on the date of grant.

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LTIP Retention Awards

LTIP retention awards provided in 2015 are comprised of performance-based restricted shares. The Committee believes that LTIP Retention Awards provide an important retention incentive in light of the non-achievement of the LTIP performance shares the retention awards replace. The value of LTIP Retention Awards is based upon the value of the performance share awards the retention awards replace. As performance-based shares, the retention awards continue to reinforce the objectives of making long-term incentives variable so that the level of awards actually earned depends on the Company s performance against specified financial, operational and strategic goals.

Performance-based restricted shares will generally vest only if the adjusted EBITDA threshold performance goal for the applicable period is met or exceeded. If the Company achieves the adjusted EBITDA threshold performance level for the applicable period, then the performance-based restricted shares will vest based on a performance scale that provides 75% of the performance-based restricted shares vest for threshold performance; 100% of the awarded performance-based restricted shares vest for target performance; and 150% of the performance-based restricted share vest for performance at or above the maximum level. If the Company s EBITDA performance goals fall between the specified percentage ranges set forth in the performance matrix, the Committee will determine the vesting percentage and the number of vested shares by mathematical interpolation, rounded to the nearest whole share.

Equity Policies

Stock Ownership Guidelines

Our executive officers have stock ownership guidelines designed to link the interests of executive management with that of our stockholders. These guidelines provide that our executive officers, including our Named Executive Officers, should have specific equity positions in the Company which vary by position. Under the guidelines, our CEO is expected to own shares with a value equal to six times his base salary. The remaining executive officers, including our Named Executive Officers, are expected to own shares with a value equal to three times their base salary. Our executive officers, including the Named Executive Officers, must retain 50% of the after-tax shares they receive from option exercises, the vesting of stock appreciation rights, and the vesting of any other equity awards granted under our equity plans until his or her ownership requirement is met. Shares used to calculate compliance with the ownership guidelines include direct share purchases, shares acquired through any employee benefit plan, as well as vested shares of restricted stock and the vested in-the-money portion of any stock options held by the executive officer. Current ownership levels for the Named Executive Officers vary depending on their length of employment with us. Each executive officer has five years from the date of their appointment to an executive officer position to achieve the target ownership levels. An executive officer who fails to meet the ownership guidelines within the five-year period will not be eligible for new equity awards until he or she achieves his or her prescribed ownership level.

Tax and Accounting Implications

Deductibility of Executive Compensation

Section 162(m) of the Code limits the deductibility of compensation in excess of $1 million paid to our Named Executive Officers, unless the compensation qualifies as performance-based compensation. Among other things, in order to be deemed performance-based compensation, the compensation must be based on the achievement of pre-established, objective performance criteria and must be pursuant to a plan that has been approved by our stockholders.

We believe that it is important to continue to be able to take all available company tax deductions with respect to the compensation paid to our Named Executive Officers. However, we also believe that preserving flexibility in awarding compensation is in our best interest and that of our stockholders, and we may determine, in light of all applicable circumstances, to award compensation in a manner that will not preserve the deductibility of such compensation under Section 162(m) of the Code.

Employment Agreements with Named Executive Officers

CEO Employment Agreement

The following discussion relates to the Amended and Restated Employment Agreement we entered into with Philip G. Heasley effective as of January 7, 2009 (the 2009 CEO Employment Agreement) and the Amended and Restated Employment Agreement we entered into with Mr. Heasley effective as of January 7, 2016 (the Current CEO Employment Agreement). The 2009 CEO Employment Agreement governed the terms of Mr. Heasley s employment throughout 2015 but was amended and restated in its entirety by the Current CEO Employment Agreement effective as of January 7, 2016.

2009 CEO Employment Agreement. On January 7, 2009, we entered into the 2009 CEO Employment Agreement with Philip G. Heasley pursuant to which Mr. Heasley agreed to serve as our President and CEO. A copy of the 2009 CEO Employment Agreement was attached as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 7, 2009.

Following the initial six-year employment period, the 2009 CEO Employment Agreement provided for automatic extensions for successive one-year periods, unless we gave 30 days written notice to Mr. Heasley that the 2009 CEO Employment Agreement would not be renewed for an additional year, or unless the 2009 CEO Employment Agreement was otherwise terminated in accordance with its terms. Under the 2009 CEO Employment Agreement, so long as Mr. Heasley continued to serve as our President and CEO, the Board would nominate Mr. Heasley to serve as a member of our Board of Directors. The 2009 CEO Employment Agreement provided that during one-year renewal periods, Mr. Heasley s base salary, an annual on-target MIC award as well as other compensation as set forth in the 2009 CEO Employment Agreement would be mutually agreed upon by the Board and Mr. Heasley.

Pursuant to the 2009 CEO Employment Agreement, if Mr. Heasley s employment was terminated by the Company without cause or by Mr. Heasley for good reason, Mr. Heasley would be entitled to (1) a lump sum payment equal to his bonus for the quarter in which his employment is terminated; (2) a lump sum payment equal to two times the sum of (A) his base salary at the time of termination and (B) his average annual bonus amount received during the two most recent fiscal years of the Company ending prior to the date of termination; and (3) continued participation in the Company s medical and dental plans until the earlier of (a) two years or (b) until he is eligible to be covered under any other medical or dental plans. Mr. Heasley would also be subject to certain non-competition obligations for a period of one year following termination of his employment. The 2009 CEO Employment Agreement also provided that if payments by the Company to Mr. Heasley would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then Mr. Heasley will be entitled to a gross-up payment such that he will be in the same after-tax position as if no excise tax had been imposed. If Mr. Heasley would have been entitled to payments under the Change-in-Control Employment Agreement (as described below), no payments would have been made to Mr. Heasley under the 2009 CEO Employment Agreement.

Current CEO Employment Agreement. Effective January 7, 2016, we entered into the Current CEO Employment Agreement with Philip G. Heasley, pursuant to which Mr. Heasley agreed to serve as our President and CEO. The Current CEO Agreement amended and restated the 2009 CEO Employment Agreement in its entirety and eliminated the tax gross-up provision that was contained in the 2009 CEO Employment Agreement. The Current CEO Employment Agreement has a five-year term. A copy of the Current CEO Employment Agreement was attached as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 10, 2015.

Under the Current CEO Employment Agreement, so long as Mr. Heasley continues to serve as our President and CEO, the Board will nominate Mr. Heasley to serve as a member of our Board of Directors. The Current CEO Employment Agreement provides that Mr. Heasley s base salary, an annual on-target MIC award as well as other compensation as set forth in the Current CEO Employment Agreement will be reviewed annually and be consistent with the Company s current compensation philosophy of positioning the CEO s total targeted cash compensation at the 50th percentile of the Company s current peer group. Under the Current CEO Employment Agreement, Mr. Heasley s 2016 base salary is $720,000 and his target bonus is 125% of base salary. The Current

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CEO Employment Agreement also provides for a grant of an award having a grant date value of $1.0 million under the Company s 2016 supplemental long-term incentive program, with the payment of such award to be tied to achieving the performance objectives applicable to such 2016 awards and the continued development of long-term succession planning for the CEO and other senior managers

Pursuant to the Current CEO Employment Agreement, if Mr. Heasley s employment is terminated by the Company without cause or by Mr. Heasley for good reason, Mr. Heasley will be entitled to (1) a lump sum payment equal to his bonus for the quarter in which his employment is terminated; (2) a lump sum payment equal to two times the sum of (A) his base salary at the time of termination and (B) his average annual bonus amount received during the two most recent fiscal years of the Company ending prior to the date of termination; provided, however, that if such termination occurs during the 12-month period immediately following the effective date, such lump sum payment shall be increased by an amount equal to his base salary and bonus amount multiplied by a fraction, the numerator of which is the number of full calendar months remaining between the date of such termination and the 12 month anniversary of the effective date, and the denominator of which is 12; and (3) continued participation in the Company s medical and dental plans until the earlier of (a) two years or (b) until he is eligible to be covered under any other medical or dental plans. Mr. Heasley will also be subject to certain non-competition obligations for a period of one year following termination of his employment. The Current CEO Employment Agreement also provides that if payments by the Company to Mr. Heasley would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then the payments shall be reduced to the least extent necessary so that no portion of the payments is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, but only if such reduction causes the net after-tax benefit received by Mr. Heasley to exceed the net after-tax benefit he would have received if no such reduction was made. The Current CEO Employment Agreement does not entitle Mr. Heasley to any tax gross-up payments. If Mr. Heasley is entitled to payments under the Change-in-Control Employment Agreement (as described below), no payments will be made to Mr. Heasley under the Current CEO Employment Agreement.

2016 Compensation Update

2016 Peer Group

The peer group used to compare the levels and elements of compensation provided to our executive officers in 2016 was the reference peer group that was developed by Pearl Meyer for 2015, except for the removal of Advent Software, Inc. Informatica Corporation, MICROS Systems, Inc., Progress Software Corporation and TIBCO Software, and the additions of Cadence Design Systems Inc., CommVault Systems, Inc., Heartland Payment Systems, Inc. and Verint Systems. The companies in the 2016 peer group are:

Blackbaud Inc.	Pegasystems Inc.
Cadence Design Systems Inc.	PTC Inc.
CommVault Systems, Inc.	Solera Holdings Inc.
CSG Systems International Inc.	SS&C Technologies Holdings, Inc.
Euronet Worldwide, Inc.	Total System Services, Inc.
Fair Isaac Corporation	VeriFone Systems, Inc.
Heartland Payment Systems, Inc.	Verint Systems Inc.
Jack Henry & Associates Inc.	

Compensation data from the peer group was considered by the Committee in making its 2016 compensation decisions in addition to Company performance and individual performance and contributions.

The criteria for selecting companies for our 2016 peer group included U.S. publicly-traded companies in the software or information technology services industries of an appropriate similarity of size, based on revenue or market capitalization as well as companies that have a similar focus in terms of products or customer which would likely compete against the Company for financial capital and employees.

In February and March 2016, the Committee established 2016 compensation for our executive officers, including our Named Executive Officers. In connection with establishing the 2016 compensation for our CEO

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and executive officers, the Committee engaged Pearl Meyer to conduct a competitive compensation analysis for key senior management positions within the Company, including each Named Executive Officer s position (the 2016 Competitive Analysis). In the 2016 Competitive Analysis, Pearl Meyer provided compensation data on the CEOs of our peer group companies for the Committee s consideration as well as compensation data on the other executive officer positions and general industry compensation survey data. The 2016 Competitive Analysis contains information related to the median levels (50^{th} percentile) of our peer group or market median levels.

CEO Compensation

Pursuant to the terms of the Current CEO Employment Agreement, Mr. Heasley s base salary for 2016 is $720,000 and his on-target MIC award for 2016 is $900,000. These amounts are consistent with the Committee s compensation philosophy.

Other Named Executive Officers

The Committee accepted the CEO s recommendations and increased Mr. Scotto s base salary and on-target MIC to $345,000 each and increased Mr. Byrnes base salary and on-target MIC to $320,000 each.

Incentive Compensation

2016 Executive MIC. Comparable to the 2015 Executive MIC, all MIC awards granted to our executive officers, including our Named Executive Officers, in 2016 were granted pursuant to the Executive MIC Plan (the 2016 Executive MIC). The structure of the 2016 Executive MIC is generally consistent with the 2015 Executive MIC. MIC bonus amounts are determined based upon the achievement of three categories of performance metrics: (i) Funding Incentive Pool which consist of the following Core Company Financial Metrics: adjusted EBITDA and Revenue; (ii) individual MBOs including operational excellences; and (iii) business unit performance metrics. A MIC bonus may be more or less than 100% (up to a maximum of 200%) of its target level depending upon the percentage attainment of the performance metrics in the executive officer s plan. The financial performance targets under the 2016 Executive MIC exclude the contributions of the Community Financial Services business which was sold in the first quarter of 2016.

2016 LTIP. On February 23, 2016, the Committee granted the 2016 LTIP awards to the executive officers, including our Named Executive Officers. The form of the 2016 LTIP award is comprised of a combination of stock options and performance shares. The performance shares granted as part of the 2016 LTIP awards are earned, if at all, based upon the achievement, over a three-year period commencing January 1, 2016 and ending December 31, 2018 of performance goals relating to the following: (i) compound annual growth in sales, and (ii) the cumulative adjusted EBITDA over the performance period, in each case as determined by the Company. The performance metrics exclude the contributions of the Community Financial Services business which was sold in the first quarter of 2016.

Under the 2016 LTIP, the Committee granted our Named Executive Officers the following 2016 LTIP awards:

Name	Grant Date Value(1)	Number of Stock Options	Number of On-Target Performance Shares
Philip G. Heasley	$ 4,000,000	289,331	134,153
Scott W. Behrens	$ 1,000,000	72,333	33,538
Daniel J. Frate	$ 1,000,000	72,333	33,538
Anthony M. Scotto, Jr.	$ 1,000,000	72,333	33,538
Dennis P. Byrnes	$ 1,000,000	72,333	33,538

(1) Grant date value was computed in accordance with FASB ASC Topic 718. The performance shares comprised approximately 60% and the stock options comprised approximately 40% of the grant date value delivered.

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2016 Supplemental LTIP Awards. On February 23, 2016, pursuant to Section 4(c) of the Current CEO Employment Agreement effective January 7, 2016 between the Company and Philip G. Heasley, the Committee granted Mr. Heasley a supplemental long-term incentive award (the 2016 CEO Supplemental LTIP) consisting of performance shares and stock options. The 2016 CEO Supplemental LTIP had a grant date fair value of $1 million. Mr. Heasley was granted 33,538 performance shares, comprising 60% of the grant date value delivered, and 72,333 stock options, comprising 40% of the grant date value delivered.

The performance period for the performance shares granted as part of the 2016 CEO Supplemental LTIP is January 1, 2016 to December 31, 2020. Vesting of these performance shares is subject to (i) the successful appointment of and transition to a successor to the CEO position, and in connection with such transition, the development of an effective and capable management organization that will be prepared to lead the Company to continued success; and (ii) the Company achieving its 60-month backlog goal at December 31, 2016. The stock options granted as part of the 2016 CEO Supplemental LTIP vest on the fifth anniversary of the grant date and will continue to vest if Mr. Heasley retires from the Company after January 7, 2019.

On February 23, 2016, the Committee granted Mr. Byrnes a supplemental long-term incentive award (the 2016 Supplemental LTIP) consisting of performance shares and stock options. The 2016 Supplemental LTIP had a grant date fair value of $500,000. Mr. Byrnes was granted 16,769 performance shares, comprising 60% of the grant date value delivered, and 36,166 stock options, comprising 40% of the grant date value delivered.

The performance shares are earned, if at all, based upon the achievement, over a five-year period commencing January 1, 2016 and ending December 31, 2020 of performance goals relating to the following: (i) compound annual growth rate over the performance period in sales, and (ii) the cumulative EBITDA over the performance period for the Company, in each case as determined by the Company.

The stock options are scheduled to vest in three equal installments on the third, fourth and fifth anniversary of the grant date. These options become exercisable, if at all, in three equal increments if the closing price per share of the Company s common stock on the NASDAQ Global Select Market meets or exceeds 133%, 167% and 200%, respectively, of the closing price of the Company s common stock on the grant date for at least 20 consecutive trading days prior to the fifth anniversary of the grant date.

2016 Restricted Share Awards Retention Grants. On February 23, 2016, in connection with the Committee s determination that no payout would be made under the 2015 MIC, the Committee granted retention awards aggregating approximately 49% of the value of the on-target 2015 MIC plan. Approximately 90% of the aggregate value of this retention award program was delivered in the form of restricted stock. The balance was delivered in cash awards. Awards granted to recipients, other than the Named Executive Officers, vest in equal installments on July 1, 2016 and January 1, 2017.

The table below summarizes retention awards granted to Named Executive Officers. These awards vest in equal installments on July 1, 2016 and July 1, 2017.

Name	Grant Date Value(1)	Number of Restricted Shares
Philip G. Heasley	$ 538,990	30,128
Scott W. Behrens	$ 262,500	14,673
Daniel J. Frate	$ 286,991	16,042
Anthony M. Scotto, Jr.	$ 258,743	14,463
Dennis P. Byrnes	$ 239,994	13,415

(1) Grant date value was computed in accordance with FASB ASC Topic 718.

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COMPENSATION COMMITTEE REPORT

The Compensation and Leadership Development Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

MEMBERS OF THE COMPENSATION AND LEADERSHIP

DEVELOPMENT COMMITTEE

Jan H. Suwinski, Chairman

Janet O. Estep

Adalio T. Sanchez

Thomas W. Warsop III

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EXECUTIVE COMPENSATION

The following table sets forth the compensation paid to or earned by our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers (based on total compensation as reflected in the table below) during the fiscal year ended December 31, 2015 and preceding fiscal years. The executive officers included in the Summary Compensation Table in the Executive Compensation section below are collectively referred to as our Named Executive Officers.

Summary Compensation Table(1)

Name and Principal Position (a)	Period (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($)(2) (e)	Option Awards ($)(3) (f)	Non-Equity Incentive Plan Compensation ($)(4) (g)	All Other Compensation ($)(5) (i)	Total ($) (j)
Philip G. Heasley,	2015	700,000	0	5,575,591	1,494,176	0	4,664	7,774,431
President and Chief	2014	700,000	0	0	0	0	4,744	704,744
Executive Officer	2013	650,000	0	2,271,011	1,230,436	531,427	4,516	4,687,390
Scott W. Behrens, Senior Executive	2015	350,000	0	2,609,567	653,699	0	4,516	3,617,782
Vice President and Chief	2014	340,000	0	0	0	108,494	4,785	453,279
Financial Officer	2013	310,000	0	648,878	351,561	253,450	4,516	1,568,405
Daniel J. Frate, Group President,	2015	400,000	0	2,461,560	560,314	0	0	3,446,038
Customer Management and Maintenance	2014	400,000	0	0	0	43,400	35,991	479,391
Anthony M. Scotto, Jr., Senior Executive Vice President, Technology	2015	315,000	0	2,194,053	560,314	0	4,636	3,074,003
Dennis P. Byrnes, Executive	2015	310,000	0	2,161,564	373,543	0	4,516	2,849,623
Vice President, Chief Administrative Officer, General Counsel and Secretary	2014	310,000	0	0	0	98,921	4,516	413,437
	2013	310,000	0	648,878	351,561	155,000	4,516	1,469,955

(1) Column (h) to this table entitled Change in Pension Value and Nonqualified Deferred Compensation Earnings has been omitted because no compensation is reportable thereunder.

(2) The amounts in column (e) reflect the aggregate grant date fair value of the restricted stock awards and the performance share awards granted during the respective fiscal year as computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The amounts shown do not correspond to the actual value that will be recognized by the Named Executive Officer. The assumptions used in the calculation of these amounts are included in footnote 11 to the Company s audited consolidated financial statements for the fiscal year ended December 31, 2015 included in our Annual Report. See the 2015 Grants of Plan-Based Awards table for information on performance shares granted in 2015. The grant date fair values included in column (e) for the performance shares are based upon the probable outcome of the performance conditions. No stock awards were granted to our Named Executive Officers in 2015.

(3) The amounts in column (f) reflect the aggregate grant date fair value of the stock option awards granted during the respective fiscal year as computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The amounts shown do not correspond to the actual value that will be recognized by the Named Executive Officer. The assumptions used in the calculation of these amounts are

included in footnote 11 to the Company s audited consolidated financial statements for the fiscal year ended December 31, 2015 included in our Annual Report.

(4) The amounts in column (g) reflect compensation paid under the Company s Executive MIC plan for the respective year.

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(5) All Other Compensation includes the following payments or accruals for each Named Executive Officer:

Name of Executive	Employer Contributions to the 401(k) Plan ($)	Premiums for Long-Term Disability Insurance ($)	Perquisites ($)(a)	Tax Gross-Ups ($)(b)
Philip G. Heasley	4,000	516	100	48
Scott W. Behrens	4,000	516	0	0
Daniel J. Frate	4,000	516	14,274	5,374
Anthony M. Scotto, Jr.	4,000	516	75	45
Dennis P. Byrnes	4,000	516	0	0

(a) For Mr. Heasley and Mr. Scotto, consists of a corporate gift. For Mr. Frate, consists of $14,274 for a club trip.

(b) For Mr. Heasley and Mr. Scotto, consists of a de minimis tax gross-up for the corporate gift. For Mr. Frate, consists of a tax gross-up for the club trip.

Name of Executive	Employer Contributions to the 401(k) Plan ($)	Premiums for Long-Term Disability Insurance ($)	Perquisites ($)(a)	Tax Gross-Ups ($)(b)
Philip G. Heasley	4,000	516	168	60
Scott W. Behrens	4,000	516	168	101
Daniel J. Frate	4,000	516	24,109	7,366
Anthony M. Scotto, Jr.	4,000	516	30,872	8,112
Dennis P. Byrnes	4,000	516	0	0

(a) For Mr. Heasley and Mr. Behrens, consists of a corporate gift. For Mr. Frate, consists of $16,800 of moving and relocation expenses, $7,051 for a club trip and $168 for a corporate gift.

(b) For Mr. Heasley and Mr. Behrens, consists of a de minimis tax gross-up for the corporate gift. For Mr. Frate, consists of a customary tax gross-up for the moving and relocation expenses, a tax gross-up for the club trip and tax gross-up for the corporate gift.

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2015 Grants of Plan-Based Awards

The following table sets forth information concerning annual incentive cash awards, grants of stock options and grants of performance shares, supplemental performance shares and performance-based restricted shares to our Named Executive Officers during 2015.

2015 Grants of Plan-Based Awards(1)

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Option Awards: Number of Securities Underlying Options(4)	Exercise or Base Price of Option Awards	Grant Date Fair Value(5)
		Threshold	Target	Maximum	Threshold	Target	Maximum			
Name (a)	Grant Date (b)	($) (c)	($) (d)	($) (e)	(#) (f)	(#) (g)	(#) (h)	(#) (j)	($/Sh) (k)	($) (l)
Philip G. Heasley										
-2015 Executive MIC	N/A	280,000	700,000	1,400,000						
-2005 Incentive Plan	1/26/15				62,893	125,786	251,572			2,399,997
-2005 Incentive Plan	1/26/15							251,969	19.08	1,494,176
-2005 Incentive Plan	6/9/15				97,540	130,053	195,080			3,174,594
Scott W. Behrens										
-2015 Executive MIC	N/A	140,000	350,000	700,000						
-2005 Incentive Plan	1/26/15				27,516	55,032	110,064			1,050,011
-2005 Incentive Plan	1/26/15							110,236	19.08	653,699
-2005 Incentive Plan	6/9/15				32,513	43,350	65,025			1,058,174
-2015 Incentive Plan	9/15/15				17,247	22,996	34,494			503,382
Daniel J. Frate										
-2015 Executive MIC	N/A	160,000	400,000	800,000						
-2005 Incentive Plan	1/26/15				23,585	47,170	94,340			900,004
-2005 Incentive Plan	1/26/15							94,488	19.08	560,314
-2005 Incentive Plan	6/9/15				32,513	43,350	65,025			1,058,174
-2005 Incentive Plan	9/15/15				17,247	22,996	34,494			503,382
Anthony M. Scotto, Jr.	N/A	126,000	315,000	630,000						
-2015 Executive MIC	1/26/15				23,585	47,170	94,340			900,004
-2005 Incentive Plan	1/26/15							94,488	19.08	560,314
-2005 Incentive Plan	6/9/15				24,386	32,514	48,771			793,667

-2005 Incentive Plan	9/15/15				17,247	22,996	34,494			503,382
-2005 Incentive Plan										
Dennis P. Byrnes										
-2015 Executive MIC	N/A	124,000	310,000	620,000		31,447	62,894			
-2005 Incentive Plan	1/26/15				15,724					600,009
-2005 Incentive Plan	1/26/15					43,350	65,025	62,992	19.08	373,543
-2005 Incentive Plan	6/9/15				32,513	22,996	34,494			1,058,174
-2005 Incentive Plan	9/15/15				17,247					503,382

(1) Column (i) to this table entitled All Other Stock Awards: Number of Shares of Stock or Units has been omitted because no stock awards are reportable thereunder.

(2) The amounts shown as estimated payouts under non-equity incentive plans include estimated payouts under the 2015 Executive MIC. No payouts to our Named Executive Officer under the 2015 Executive MIC were made. The amounts shown in column (c) reflect the minimum payment level under the 2015 Executive MIC above zero assuming that only the lowest weighted metric achieves threshold performance. The amounts shown in column (d) reflect the target payment levels of 100% under the 2015 Executive MIC assuming that each performance metric achieves target performance. The amounts shown in column (e) reflect the maximum payment levels under the 2015 Executive MIC assuming each performance metric achieves maximum performance which payment represents 200% of the targeted amount shown in column (d).

(3) The awards shown in columns (f) through (h) reflect shares of our common stock payable in connection with performance share awards, supplemental performance shares awards and performance-based restricted shares awards granted to our Named Executive Officers during 2015. All these awards were granted pursuant to the terms of the 2005 Incentive Plan. These awards will be earned, if at all, based upon the achievement, over a defined performance period, of applicable performance objectives. The amounts shown in column (g) reflect the payout of these awards at 100% assuming that each metric achieves target performance. The amounts shown in column (h) reflect the payout of these awards at 200% assuming that each applicable metric achieves maximum performance.

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(4) All stock options granted to our Named Executive Officers during 2015 were granted pursuant to the terms of the 2005 Incentive Plan. All stock options granted to our Named Executive Officers in 2015 vest one third per year beginning with the first anniversary of the date of grant.

(5) The grant date fair value of each equity award granted during 2015 was computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For equity awards that are subject to performance conditions, the amounts reflected in column (l) reflect the value at the grant date based upon the probable outcome of such conditions and this amount is consistent with the estimate of the aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. The probable outcome used for the calculation of the performance shares granted during 2015 is based on the achievement of target performance for each metric.

Outstanding Equity Awards

The following table sets forth the outstanding equity awards for each of our Named Executive Officers for the year ended December 31, 2015.

Outstanding Equity Awards at 2015 Fiscal Year End

		Option Awards(1)				Stock Awards			
Name (a)	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2) (c)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock that Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(3) (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(4) ($) (j)
Philip G. Heasley	6/9/2015							130,053(5)	2,783,134
	1/26/2015		251,969	19.08	1/26/2025			125,786	2,691,820
	12/12/2013	92,258	46,129	20.51	12/12/2023			110,709	2,369,173
	12/3/2012	166,572		14.27	12/3/2022			133,257	2,851,700
	12/8/2011	161,151		9.65	12/8/2021				
	12/1/2010	131,670		8.88	12/1/2020				
	7/24/2007	300,000		10.87	7/24/2017				
Scott W. Behrens	9/15/2015							22,996(5)	492,114
	6/9/2015							43,350(5)	927,690
	1/26/2015		62,992	19.08	1/26/2025			31,447	672,966
	1/26/2015		47,224(6)	19.08	1/26/2025			23,585(7)	504,719

	12/12/2013	26,360	13,180	20.51	12/12/2023	31,632	676,925
	12/3/2012	55,524		14.27	12/3/2022	44,418	950,545
	12/8/2011	60,150		9.65	12/8/2021		
	12/1/2010	48,285		8.88	12/1/2020		
	12/10/2009	45,375		5.51	12/10/2019		
	6/27/2007	45,000		11.15	6/27/2017		
Daniel Frate	9/15/2015					22,996(5)	492,114
	6/9/2015					43,350(5)	927,690
	1/26/2015		62,992	19.08	1/26/2025	31,447	672,966
	1/26/2015		31,496(6)	19.08	1/26/2025	15,527(7)	332,278
	12/12/2013	26,360	13,180	20.51	12/12/2023	31,632	676,925
	12/3/2012	18,509		14.27	12/3/2022	44,418	950,545
	9/13/2012	33,366		15.07	9/13/2022		
Anthony M. Scotto, Jr.	9/15/2015					22,996(5)	492,114
	6/9/2015					32,514(5)	695,800
	1/26/2015		62,992	19.08	1/26/2025	31,447	672,966
	1/26/2015		31,496(6)	19.08	1/26/2025	15,527(7)	332,278
	12/12/2013	26,360	13,180	20.51	12/12/2023	31,632	676,925
	12/3/2012	41,643		14.27	12/3/2022	33,315	712,941
	12/8/2011	60,150		9.65	12/8/2021		
	12/1/2010	48,285		8.88	12/1/2020		
	3/17/2010	59,175		6.92	3/17/2020		
Dennis P. Byrnes	9/15/2015					22,996(5)	492,114
	6/9/2015					43,350(5)	927,690
	1/26/2015		62,992	19.08	1/26/2025	31,447	672,966
	12/12/2013	26,360	13,180	20.51	12/12/2023	31,632	676,925
	12/3/2012	55,524		14.27	12/3/2022	44,418	950,545
	12/8/2011	60,150		9.65	12/8/2021		
	12/1/2010	48,285		8.88	12/1/2020		

(1) Column (d) to this table under Option Awards entitled Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options has been omitted because no shares are reportable thereunder.

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(2) Unless otherwise noted, all stock options reported in this column vest in equal installments over a three-year period beginning with the first anniversary of the date of grant.

(3) Unless otherwise noted, this column reflects the payout of the underlying shares of our common stock related to LTIP Performance Shares granted in 2012, 2013 and 2015 based on the achievement of target performance for each applicable metric. LTIP Performance Shares granted on December 3, 2012 have a performance period from January 1, 2013 through December 31, 2015, LTIP Performance Shares granted on December 12, 2013 have a performance period from January 1, 2014 through December 31, 2016, and LTIP Performance Shares granted on January 26, 2015 have performance period from January 1, 2015 through December 31, 2017. The LTIP Performance Shares have a three-year performance period and vest, if it all, following December 31 of the final year of the performance period when the Compensation Committee determines the vesting percentage.

(4) The market value of the share awards that have not vested was calculated by multiplying the number of shares set forth in column (i) by the closing price of our common stock at December 31, 2015, which was $21.40 per share.

(5) Supplemental Performance-Based Restricted Shares that vest in equal installments over a three-year period beginning with the first anniversary of the date of grant. Underlying shares based on the achievement of target performance for applicable metric.

(6) These options become exercisable, if at all, in three equal increments on the third, fourth and fifth anniversary of the date of grant, if the closing price per share of the Company s common stock on the NASDAQ Global Select Market meets or exceeds 133%, 167% and 200%, respectively, of the closing price of the Company s common stock on the grant date for at least 20 consecutive trading days prior to the fifth anniversary of the grant date.

(7) Supplemental LTIP Performance Shares that have a three-year performance period (2017 2019) and vest, if it all, following December 31, 2019 when the Compensation Committee determines the vesting percentage. Underlying shares based on the achievement of target performance for each applicable metric.

Option Exercises and Stock Vested

The following table sets forth option exercises and stock vested for each of our Named Executive Officers for the year ended December 31, 2015.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name (a)	**Number of Shares Acquired on Exercise (#) (b)**	**Value Realized on Exercise ($) (c)**	**Number of Shares Acquired on Vesting (#) (d)**	**Value Realized on Vesting(1) ($) (e)**
Philip G. Heasley	0	0	117,319	2,399,174
Scott W. Behrens	0	0	43,789	895,485
Dennis P. Byrnes	133,932	2,921,839	43,789	895,485
Daniel J. Frate	103,747	2,121,347	51,189	1,102,611
Anthony M. Scotto, Jr.	0	0	43,789	895,485

(1) In accordance with SEC rules, the amounts in column (e) were calculated by multiplying the number of shares that vested by the market value of the underlying shares on the vesting date.

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Deferred Compensation Plan

In September 2010, the Compensation Committee approved the Amended and Restated Deferred Compensation Plan (the Deferred Compensation Plan). A copy of our Deferred Compensation Plan was attached as Exhibit 4.3 to our Registration Statement on Form S-8 filed with the SEC on September 9, 2010.

The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan designed to allow a select group of management or highly compensated employees designated by our Compensation Committee, including our Named Executive Officers, to save for retirement on a tax-deferred basis. The Deferred Compensation Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended. The effective date for the Deferred Compensation Plan was October 1, 2010. The initial plan year commenced October 1, 2010 and ended on December 31, 2010. Each plan year thereafter runs from January 1 to December 31.

Amounts deferred under the Deferred Compensation Plan will be credited to bookkeeping accounts maintained by the Company for each participant and will be credited or debited with the participant s proportionate share of any gains or losses attributable to the earnings indices selected by the participant. The Compensation Committee will designate the earnings indices available to participants; provided, however, under no circumstances shall the value of our common stock be used as an earnings index. The Committee selected the following four earnings indices: S&P 500, the Russell 2000, the Barclay s Bond Index and a fixed rate of return equivalent to the prime rate. The earnings indices are to be used for measurement purposes only and amounts deferred under the Deferred Compensation Plan will not represent any actual investment made on the participant s behalf by the Company. The amount that the Company is required to pay under the Deferred Compensation Plan is equal to the elective deferrals made by the participant, as adjusted for the hypothetical gains or losses based on the earnings indices selected by the participant. The Company may make discretionary contributions to participant accounts in such amounts and at such times as are determined by the Company from time to time in its sole discretion.

Amounts deferred by a participant are fully vested at all times. The Compensation Committee may impose a vesting schedule of up to five years with respect to discretionary contributions, if any, made by the Company to a participant account.

The amounts payable to participants under the Deferred Compensation Plan will be payable in accordance with the distribution provisions of the Deferred Compensation Plan. Distribution generally cannot be made prior to the distribution dates specified by the participants, other than withdrawals made in the event of a participant s (i) unforeseeable emergency, as defined in the Deferred Compensation Plan, (ii) separation from service, (iii) death or (iv) disability. Distributions will be made to participants in a single lump-sum payment after the earliest of (a) the participant s separation from service, (b) the participant s death or (c) the participant s disability (Standard Distribution). In lieu of the Standard Distribution timing, a participant may elect, at the time of deferral, to receive distribution in a given plan year (a) at a specified date or time (or upon attainment of a specific age), or (b) upon the earlier of such date (or age) or one or more of the Standard Distribution events. A participant may also elect, at the time of deferral, to receive distributions in annual installments for a period of up to 10 years. Deferred amounts retained in a participant s account during the payout period continue to earn hypothetical gains and are subject to hypothetical losses based on the earnings indices selected by the participant.

Amounts deferred under the Deferred Compensation Plan are general unsecured obligations of the Company and are subject to the claims of the Company s general creditors and rank equally with other unsecured indebtedness of the Company from time to time outstanding.

The Deferred Compensation Plan is administered by the Compensation Committee and the Compensation Committee has full power to interpret the plan and determine all questions that arise under it. The Compensation Committee reserves the right to amend or terminate the Deferred Compensation Plan at any time; provided, however, that no such action shall affect a participant s right to receive the full amount of his or her vested account balance.

During 2015, none of our Named Executive Officers made any contributions to the Deferred Compensation Plan and the Company did not make any discretionary contributions to any Named Executive Officer s account.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Except for the Current CEO Employment agreement with Mr. Heasley described above, and the change-in-control agreements described below, none of our Named Executive Officers have employment or severance agreements with the Company and their employment may be terminated at any time.

Change-In-Control Employment Agreements

We have entered into a Change-In-Control Employment Agreement (the CIC Agreement) with certain of our Named Executive Officers (each an Executive for purposes of this section). A copy of the form of CIC Agreement for all Executives was attached as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 7, 2009.

Under the CIC Agreement, we are required to employ the Executive for a two-year period following a change-in-control (the Employment Period). During the Employment Period, we must (1) pay the Executive a base salary equal to the highest annual rate of base salary paid or payable to the Executive during the 12-month period prior to the change-in-control, (2) award the Executive for each fiscal period during the Employment Period total annual and quarterly bonus opportunities in amounts greater than or equal to the Executive s target annual and quarterly bonus opportunities for the year in which the change-in-control occurs, and (3) allow the Executive opportunities to participate in the Company s incentive, savings and retirement plans to an extent no less favorable than opportunities provided for by the Company in the 120-day period prior to the beginning of the Employment Period.

The CIC Agreement also sets forth our obligations in the event the Executive s employment terminates during the Employment Period. The following is a summary of such obligations.

Termination of Employment Other Than for Cause or by Executive for Good Reason. If we terminate the Executive s employment other than for cause or the Executive s death or disability, or the Executive terminates his employment for good reason, the Executive will be entitled to receive from the Company certain payments and benefits. These payments and benefits include (1) the lump sum payment of (a) the Executive s unpaid current year annual base salary through the date of termination, the current year target annual bonus pro-rated through the date of termination, and any accrued and unpaid vacation pay (collectively, the Accrued Obligations), and (b) two or, in the case of Mr. Heasley only, three times, the sum of the Executive s annual base salary and target annual bonus; (2) continued participation at the Company s cost in the welfare benefits plans in which the Executive would have been entitled to participate, for two or, in the case of Mr. Heasley only, three years, from the date of termination or until the Executive receives equivalent benefits from a subsequent employer, in which case, welfare benefits plans provided by the Company will be secondary to the subsequent employer s plans during the applicable period of eligibility; (3) outplacement services not to exceed $50,000; and (4) any unpaid amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any other contract or agreement with, the Company or the affiliated companies at or subsequent to the date of termination (the Other Benefits).

Death. If the Executive s employment is terminated by reason of the Executive s death, we must provide the Executive s estate or beneficiaries with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement.

Disability. If the Executive s employment is terminated by reason of the Executive s disability, we must provide the Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under the CIC Agreement.

Termination of Employment for Cause or by Executive other than for Good Reason. If the Executive s employment is terminated for cause, we must provide the Executive with the Executive s annual base salary through the date of termination, and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement. If the Executive voluntarily terminates employment, excluding a termination for good reason, we must provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement.

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Tax-Gross-Up. If any payment under the CIC Agreement would be subject to excise tax, the Executive will be entitled to receive an additional payment (the Gross-Up Payment) in an amount such that, after payment by the Executive of all taxes, including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and excise tax imposed upon the Gross-Up Payment, but excluding any income taxes and penalties imposed pursuant to Section 409A of the Code, the Executive retains an amount of the Gross-Up Payment equal to the excise tax imposed upon the payments. There is, however, a provision of the CIC Agreements under which a portion of the Executive s payments under the CIC Agreement will be forfeited if the excise tax can be eliminated (provided the forfeiture cannot exceed 10% of the amount due to the Executive).

Acceleration of Equity Awards. In the event of a change-in-control, all stock-based awards held by the Executive will vest in full, in each case immediately prior to the occurrence of such change-in-control, and any applicable performance-based vesting goals with respect to such stock-based awards granted to the Executive shall be deemed satisfied at the target level; *provided*, *however*, that (a) any performance shares awarded under the Company s 2005 Incentive Plan and (b) any stock options which vest upon the attainment of a certain per-share transaction price in connection with a change-in-control granted under the Company s 2005 Incentive Plan, will, in each case, vest pursuant to the terms of the applicable award agreement, notwithstanding the provision of any award agreement requiring that market conditions exist for a specified duration of time.

Non-solicitation and Non-competition Provisions. During the Employment Period and for a period of one year following termination of employment, each Executive agrees not to (a) enter into or engage in any business that competes with the Company s business within a specified restricted territory; (b) solicit customers with whom the Executive had any contact or for which the Executive had any responsibility (either direct or supervisory) at the date of termination or at any time during the one (1) year prior to such date of termination, whether within or outside of the restricted territory, or solicit business, patronage or orders for, or sell, any products and services in competition with, or for any business that competes with the Company s business within the restricted territory; (c) divert, entice or otherwise take away any customers, business, patronage or orders of the Company within the restricted territory, or attempt to do so; (d) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business that competes with the Company s business within the restricted territory; or (e) solicit or induce or attempt to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Company and/or its affiliated companies to terminate their employment, representation or other association with the Company and/or its affiliated companies, provided that the foregoing shall not apply to general advertising not specifically targeted at employees, sales representatives, agents or consultants of the Company and/or its affiliated companies.

Release. As a condition to receiving any of the severance benefits under the CIC Agreements, the Named Executive Officers are required to release the Company and its employees from all claims that the Named Executive Officer may have against them.

Post-Termination Benefits Under Incentive Plans

Executive MIC Plan

Under the Executive MIC Plan, in order to be entitled to a payment under the plan, the executive, including our Named Executive Officers, must be employed by the Company on the date of payment. If employment with the Company is terminated for any reason prior to the payment date, the executive will not be eligible for a bonus under the Executive MIC Plan and the executive forfeits all rights to such payment except to the extent otherwise provided by the Company.

The individual award agreements with each executive officer, including our Named Executive Officers, related to the Executive MIC Plan, grant the Company the right to require an executive officer to forfeit his or her right to payment or to reimburse the Company for any payments previously paid, along with any other action the Company deems necessary or appropriate, in the event it is determined that the executive officer engaged in misconduct in the course of his or her employment.

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2005 Incentive Plan

Stock Options. The award agreements for stock options granted under the 2005 Incentive Plan generally provide that if an optionee, including a Named Executive Officer, voluntarily terminates employment with the Company, all unvested stock options will terminate and the optionee will have 90 days from the date of termination to exercise any vested stock options granted under the 2005 Incentive Plan. However, the award agreements also generally provide that if the optionee s employment terminates due to death or disability, all stock options will immediately vest upon the optionee s death or disability and the optionee (or his or her estate or personal representative) will have one year from the date of death or disability to exercise the stock options. A copy of the form of Nonqualified Stock Option Agreement used to grant stock options to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on January 30, 2015.

Performance Shares. The award agreements for performance shares granted under the 2005 Incentive Plan generally provide that if an employee, including a Named Executive Officer, voluntarily terminates employment with the Company prior to payment of the performance shares, all performance shares are forfeited. In the event of death, disability or termination of employment without cause, the award agreements generally provide that the Company may pay the employee a pro-rata portion of the performance shares the officer would have been entitled based on the performance of the Company during the full fiscal quarters completed during the applicable performance period until the date of termination. Such amounts will be paid as soon as practicable after the receipt of audited consolidated financial statements of the Company relating to the last fiscal year of the performance period. A copy of the form of LTIP Performance Shares Agreement used to grant performance shares to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 30, 2015.

Restricted Shares. The award agreements for restricted shares granted under the 2005 Incentive Plan generally provide that if any employee, including a Named Executive Officer, voluntarily terminates employment with the Company, the employee forfeits all unvested restricted shares. However, the award agreements also generally provide that if the employee s employment terminates due to death or disability, all shares of restricted stock will immediately vest upon the employee s death or disability. A copy of the form of Restricted Share Award Agreement used to grant restricted shares to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.29 to our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on February 26, 2010.

Performance-Based Restricted Shares. The award agreements for performance-based restricted shares granted under the 2005 Incentive Plan generally provide that if an employee, including a Named Executive Officer, voluntarily terminates employment with the Company, the employee forfeits all unvested performance-based restricted shares. In the event of death, disability or termination of employment without cause, the award agreements generally provide that the Company may pay the employee a pro-rata portion of the performance-based restricted shares the officer would have been entitled based on the performance of the Company during the full fiscal quarters completed during the applicable performance period until the date of termination. Such amounts will be paid as soon as practicable after the receipt of audited consolidated financial statements of the Company relating to the last fiscal year of the performance period. A copy of the form of LTIP Performance-Based Restricted Share Award Agreement used to grant performance-based restricted shares to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on June 12, 2015.

Supplemental Stock Options. The award agreements for supplemental stock options granted under the 2005 Incentive Plan generally provide that if an optionee, including a Named Executive Officer, voluntarily terminates employment with the Company, all unvested stock options will terminate and the optionee will have 90 days from the date of termination to exercise any vested stock options granted under the 2005 Incentive Plan. A copy of the form of Supplemental Nonqualified Stock Option Agreement used to grant stock options to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 30, 2015.

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Supplemental Performance Shares. The award agreements for supplemental performance shares granted under the 2005 Incentive Plan generally provide that if an employee, including a Named Executive Officer, voluntarily terminates employment with the Company prior to payment of the supplemental performance shares, all supplemental performance shares are forfeited. In the event of death, disability or termination of employment without cause, the award agreements generally provide that the Company may pay the employee a pro-rata portion of the supplemental performance shares the officer would have been entitled based on the performance of the Company during the full fiscal quarters completed during the applicable performance period until the date of termination. Such amounts will be paid as soon as practicable after the receipt of audited consolidated financial statements of the Company relating to the last fiscal year of the performance period. A copy of the form of LTIP Supplemental Performance Shares Agreement used to grant performance shares to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 30, 2015.

Forfeiture and Recoupment Policy. Since 2009, our recoupment policy, which applies to all award recipients including Named Executive Officers, has provided that if the Company is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of the employee, or it is determined that the employee has otherwise engaged in misconduct (whether or not such misconduct is discovered prior to the termination of the employee s employment), the Company has (a) the right to cause the forfeiture or cancellation of any unvested and/or vested portion of the option, any unvested restricted shares or any unearned performance shares, (b) cause the transfer of ownership back to the Company of any vested shares not subject to transfer restrictions, common shares issued as payment for earned performance shares or cash received as payment for earned performance shares, (c) the right to recoup any proceeds from (i) the exercise or vesting of the option, (ii) the vesting of the restricted shares, (iii) the sale of shares of our common stock issued pursuant to the exercise of the option or as payment for earned performance shares, and (iv) the sale of any unrestricted shares, along with any other action the Company determines is necessary or appropriate and in the best interest of the Company and its stockholders, and (d) the right to recoup any annual incentive cash-based payouts.

Potential Post-Termination Benefits Table

The 2009 CEO Employment Agreement, which was in effect as of December 31, 2015, included an excise tax gross up provision. The Current CEO Agreement amended and restated the 2009 CEO Employment Agreement in its entirety effective as January 7, 2016 and eliminated the tax gross up provision that was contained in the 2009 CEO Employment Agreement.

The table below quantifies certain compensation that would have become payable to our Named Executive Officers in the event such executive officer s employment had terminated on December 31, 2015 under various circumstances. The estimates set forth in the table below are based on our Named Executive Officers compensation and service levels as of such date and, if applicable, the closing stock price of our common stock on that date which was $21.40. These benefits are in addition to benefits generally available to salaried employees such as distributions under our 401(k) Plan, disability benefits and accrued vacation pay

Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed to our Named Executive Officers may be different.

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Factors that could affect these amounts include the timing of any such event, our stock price and the executive s age.

Compensation Program	Voluntary For Good Reason ($)	Voluntary Other Than Good Reason ($)	Involuntary For Cause ($)	Involuntary Without Cause ($)	Death ($)	Disability ($)	Retirement ($)	Involuntary or For Good Reason After Change-in-Control ($)
Cash Severance:								
Philip G. Heasley	1,931,427	0	0	1,931,427	0	0	0	4,200,000
Scott W. Behrens	0	0	0	0	0	0	0	1,400,000
Daniel J. Frate	0	0	0	0	0	0	0	1,600,000
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	1,260,000
Dennis P. Byrnes	0	0	0	0	0	0	0	1,240,000
Bonus Payment:								
Philip G. Heasley	0	0	0	0	0	0	0	700,000
Scott W. Behrens	0	0	0	0	0	0	0	350,000
Daniel J. Frate	0	0	0	0	0	0	0	400,000
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	315,000
Dennis P. Byrnes	0	0	0	0	0	0	0	310,000
Stock Options(1):								
Philip G. Heasley	0	0	0	625,469	625,469	625,469	0	625,469
Scott W. Behrens	0	0	0	157,828	157,828	157,828	0	157,828
Daniel J. Frate	0	0	0	157,828	157,828	157,828	0	157,828
Anthony M. Scotto, Jr.	0	0	0	157,828	157,828	157,828	0	157,828
Dennis P. Byrnes	0	0	0	157,828	157,828	157,828	0	157,828
Restricted Shares:								
Philip G. Heasley	0	0	0	0	0	0	0	0
Scott W. Behrens	0	0	0	0	0	0	0	0
Daniel J. Frate	0	0	0	0	0	0	0	0
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	0
Dennis P. Byrnes	0	0	0	0	0	0	0	0
Performance Shares(2):								
Philip G. Heasley	0	0	0	6,256,133	6,256,133	6,256,133	0	6,256,133
Scott W. Behrens	0	0	0	1,935,380	1,935,380	1,935,380	0	1,935,380
Daniel J. Frate	0	0	0	1,935,380	1,935,380	1,935,380	0	1,935,380
Anthony M. Scotto, Jr.	0	0	0	1,620,479	1,620,479	1,620,479	0	1,620,479
Dennis P. Byrnes	0	0	0	1,935,380	1,935,380	1,935,380	0	1,935,380
Health & Welfare Benefit Continuation:								
Philip G. Heasley	23,300	0	0	23,300	0	0	0	35,501
Scott W. Behrens	0	0	0	0	0	0	0	36,353
Daniel J. Frate	0	0	0	0	0	0	0	36,353
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	23,081
Dennis P. Byrnes	0	0	0	0	0	0	0	36,353
Outplacement Services:								
Philip G. Heasley	0	0	0	0	0	0	0	50,000
Scott W. Behrens	0	0	0	0	0	0	0	50,000
Daniel J. Frate	0	0	0	0	0	0	0	50,000
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	50,000
Dennis P. Byrnes	0	0	0	0	0	0	0	50,000

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Compensation Program	Voluntary: For Good Reason ($)	Voluntary: Other Than Good Reason ($)	Involuntary: For Cause ($)	Involuntary: Without Cause ($)	Death ($)	Disability ($)	Retirement ($)	Involuntary or For Good Reason After Change-in-Control ($)
Excise Tax Gross-Up / (Forfeiture) Related to a CIC:								
Philip G. Heasley	0	0	0	0	0	0	0	0
Scott W. Behrens	0	0	0	0	0	0	0	1,366,343
Daniel J. Frate	0	0	0	0	0	0	0	0
Anthony M. Scotto, Jr.	0	0	0	0	0	0	0	1,171,560
Dennis P. Byrnes	0	0	0	0	0	0	0	0
TOTALS:								
Philip G. Heasley	1,954,727	0	0	8,836,329	6,881,602	6,881,602	0	11,867,103
Scott W. Behrens	0	0	0	2,093,208	2,093,208	2,093,208	0	5,295,904
Daniel J. Frate	0	0	0	2,093,208	2,093,208	2,093,208	0	4,179,561
Anthony M. Scotto, Jr.	0	0	0	1,778,307	1,778,307	1,778,307	0	4,597,948
Dennis P. Byrnes	0	0	0	2,093,208	2,093,208	2,093,208	0	3,729,561

(1) Unvested stock options are accelerated upon termination due to death or disability, or termination without cause or for good reason after a CIC. All the accelerated values are calculated based on the December 31, 2015 closing price of ACI ($21.40). In-the-money values of vested stock options as of December 31, 2015, as disclosed in the following table, are not included in the termination table.

Named Executive Officer	In-the-money Value of Vested Stock Options as of December 31, 2015 ($)
Philip G. Heasley	7,971,469
Scott W. Behrens	2,913,171
Daniel J. Frate	366,548
Anthony M. Scotto, Jr.	2,488,793
Dennis P. Byrnes	1,730,911

(2) The estimated pro rata portion of performance shares set forth in this table, relate solely to the performance shares granted December 3, 2012, December 12, 2013 and January 26, 2015, and the portion of the retention shares granted June 26, 2015 that were based on 2015 EBITDA performance.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Related Person Transactions

We recognize that related person transactions can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations which may not be in our best interests or the best interests of our stockholders. Accordingly, as a general matter, we prefer to avoid related person transactions. Nevertheless, we recognize that there are situations where related person transactions may be in, or may not be inconsistent with, our best interests. Pursuant to the Audit Committee Charter, any proposed related person transaction is to be submitted to the Audit Committee for review and approval, and no such transaction may be entered into without the Audit Committee s prior approval. The Audit Committee reviews and considers each transaction in light of the specific facts and circumstances presented. Related persons include our directors or executive officers and their respective immediate family members and 5% beneficial owners of our common stock.

In addition, our Code of Business Conduct and Ethics establishes a policy on potential conflicts of interest. Under the Code of Business Conduct and Ethics our directors and employees, including our executive officers, must promptly report any transaction, relationship or circumstance that creates or may create a conflict of

interest. Any conflict of interest for our non-director and non-executive officer employees is prohibited unless a waiver is obtained from our General Counsel. Conflicts of interest involving our directors and executive officers are prohibited unless waived by our Board or a committee of our Board. Any waiver of a conflict of interest involving one of our directors or executive officers will be promptly disclosed in accordance with applicable law and NASDAQ listing requirements. Pursuant to its charter, the Corporate Governance Committee is responsible for reviewing and considering possible conflicts of interest which involve members of our Board or management.

We also have a Code of Ethics for the CEO and Senior Financial Officers which requires that our CEO, CFO, Chief Accounting Officer, Controller and persons performing similar functions avoid actual and apparent conflicts of interest in personal and professional relationships and that they disclosure to the Chairman of the Audit Committee any material transaction or relationship that reasonably could be expected to give rise to a conflict.

We did not enter into any related party transactions during 2015 and there are not any currently proposed related party transactions.

COMPENSATION COMMITTEE

INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation and Leadership Development Committee was at any time during 2015, or at any other time, an officer or employee of the Company. No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or its Compensation and Leadership Development Committee.

ANNUAL REPORT

Stockholders may obtain a copy of our Annual Report and a list of the exhibits thereto without charge by written request delivered to the Company, Attn: Investor Relations, 3520 Kraft Rd, Suite 300, Naples, Florida 34105. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at *www.aciworldwide.com* as soon as reasonably practicable after we file such information electronically with the SEC.

STOCKHOLDER PROPOSALS

Stockholder Proposals to Be Considered for Inclusion in the Company s 2017 Proxy Statement

Proposals of stockholders intended to be included in the proxy statement and form of proxy relating to our 2017 Annual Meeting of Stockholders must be received at the Secretary of the Company at the Company s principal executive offices located at 3520 Kraft Rd, Suite 300, Naples, Florida 34105, no later than December 29, 2016. In addition, all proposals will need to comply with Rule 14a-8 of the Securities Exchange Act of 1934, which lists the requirements for inclusion of stockholder proposals in company-sponsored proxy materials. The Corporate Governance Committee will review proposals submitted by stockholders for inclusion at our next annual meeting of stockholders and will make recommendations to our Board on an appropriate response to such proposals.

Requirements for Stockholder Proposals to Be Brought Before the 2017 Annual Meeting of Stockholders

Pursuant to Rule 14a-4(c) under the Exchange Act, if the Company does not receive advance notice of a stockholder proposal to be brought before its next annual meeting of stockholders in accordance with the requirements of its Bylaws, the proxies solicited by the Company may confer discretionary voting authority to vote proxies on the stockholder proposal without any discussion of the matter in the proxy statement. Our Bylaws provide that written notice of a stockholder proposal that a stockholder intends to present at the next annual meeting, but does not intend to have included in the proxy statement and form of proxy related to such meeting, must be delivered to, or mailed and received by, the Secretary of the Company at the principal executive offices 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.

As to each matter the stockholder proposes to bring before the 2017 Annual Meeting of Stockholders, the stockholder s notice must set forth: (i) a brief description of the business desired to be brought before the 2017 Annual Meeting of Stockholders and the reasons for conducting such business at such annual meeting, (ii) the name and address, as they appear on the Company s books, of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (iii) the class and number of shares of the Company which are owned beneficially and of record by the stockholder and the beneficial owner, if any, on whose behalf the proposal is made, (iv) a description of all arrangements or understandings among such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote required to approve the proposal, and (vi) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the annual meeting. Our Bylaws also provide that the chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the annual meeting and, if he should so determine, such business shall not be transacted.

OTHER MATTERS

Our Board does not know of any matters that are to be presented at the Annual Meeting other than those stated in the Notice of Annual Meeting and referred to in this Proxy Statement. If any other matters should properly come before the Annual Meeting, it is intended that the proxies in the accompanying form will be voted as the persons named therein may determine in their discretion.

By Order of the Board of Directors,

Dennis P. Byrnes

Secretary

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Annex A

ACI WORLDWIDE, INC.

2016 Equity and Performance Incentive Plan

(Approved by the Stockholders June 14, 2016)

1. **PURPOSE.** The purpose of the 2016 Equity and Performance Incentive Plan is to attract and retain directors, officers and other employees for ACI Worldwide, Inc., a Delaware corporation, and its Subsidiaries and to provide to such persons incentives and rewards for superior performance.

2. **DEFINITIONS.** As used in this Plan,

(a) **Appreciation Right** means a right granted pursuant to Section 5 of this Plan, and will include both Tandem Appreciation Rights and Free-Standing Appreciation Rights.

(b) **Award** means any Option, Appreciation Right, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units or Other Awards granted under this Plan.

(c) **Award Agreement** means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Board that sets forth the terms and conditions of the Awards granted. An Award Agreement may be in an electronic medium, may be limited to notation on the books and records of the Company and, with the approval of the Board, need not be signed by a representative of the Company or a Participant.

(d) **Base Price** means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right and a Tandem Appreciation Right.

(e) **Board** means the Board of Directors of the Company and, to the extent of any delegation by the Board to a committee (or subcommittee thereof) pursuant to Section 16 of this Plan, such committee (or subcommittee).

(f) **CIC Agreement** means a Change-in-Control Employment Agreement that the Company may, as determined by the Board, enter into with certain Participants from time to time.

(g) **Code** means the Internal Revenue Code of 1986, as amended from time to time, and includes a reference to the underlying final regulations. A reference to any provision of the Code shall include reference to any successor provision of the Code.

(h) **Common Shares** means the shares of Class A Common Stock, par value $.005 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 12 of this Plan.

(i) **Company** means ACI Worldwide, Inc., a Delaware corporation formerly known as Transaction Systems Architects, Inc.

(j) **Covered Employee** means a Participant who is, or is determined by the Board to be likely to become, a covered employee within the meaning of Section 162(m) of the Code or any successor provision.

(k) **Date of Grant** means the date specified by the Board on which a grant of any Award under this Plan will become effective (which date will not be earlier than the date on which the Board takes action with respect thereto).

(l) **Director** means a member of the Board of Directors of the Company.

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Annex A

(m) **Exchange Act** means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(n) **Free-Standing Appreciation Right** means an Appreciation Right granted pursuant to Section 5 of this Plan that is not granted in tandem with an Option.

(o) **Incentive Stock Options** means Options that are intended to qualify as incentive stock options under Section 422 of the Code or any successor provision.

(p) **Management Objectives** means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares or Performance Units or, when so determined by the Board, Options, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend credits and Other Awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region or function within the Company or Subsidiary in which the Participant is employed. The Management Objectives may be made relative to the performance of other companies. The Management Objectives applicable to any Award to a Covered Employee will be based on specified levels of, or growth in, one or more of the following criteria, or any derivative thereof:

1. cash flow/net assets ratio;
2. debt/capital ratio;
3. return on total capital;
4. return on equity;
5. earnings per share;
6. revenue;
7. total return to stockholders (which may be measured by stock price);
8. backlog;
9. contribution margins;
10. sales;
11. bookings;
12. contract value
13. operating income; and
14. earnings before interest, taxes, depreciation and amortization.

The Board may specify that such performance measures shall be adjusted to exclude any one or more of (i) nonrecurring or unusual items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the writedown of any asset, and (v) charges for restructuring and rationalization programs. If the Board determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Board may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Board deems appropriate and equitable, except in the case of a Covered Employee where such action would result in the loss of the otherwise available exemption of the Award under Section 162(m) of the Code. In such case, the Board will not make any modification of the Management Objectives or minimum acceptable level of achievement with respect to such Covered Employee.

(q) **Non-Employee Director** means a person who is a non-employee director of the Company within the meaning of Rule 16b-3 of the Securities and Exchange Commission promulgated under the Exchange Act.

(r) **Market Value per Share** means, as of any particular date, (i) the closing sale price (price for last trade) per Common Share as reported on the principal exchange on which Common Shares are then trading, if any, or, if applicable and provided that the Common Shares are not then-traded on such principal exchange, the NASDAQ Global Select Stock Market, or if there are no sales on such day, on the next preceding trading day during which a sale occurred, or (ii) if clause (i) does not apply, the fair market value of the Common Shares as determined by the Board.

(s) **Nonqualified Stock Option** means an Option that is not an Incentive Stock Option.

(t) **Optionee** means the optionee named in an Award Agreement evidencing an outstanding Option.

(u) **Option Price** means the purchase price payable on exercise of an Option.

(v) **Option** means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or Section 9 of this Plan. An Option may be either an Incentive Stock Option or a Nonqualified Stock Option.

(w) **Other Award** means an award or bonus granted under Section 10 of this Plan.

(x) **Participant** means a person who is selected by the Board to receive benefits under this Plan and who is at the time an officer, or other key employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities within 90 days of the Date of Grant, and will also include each Non-Employee Director who receives an Award under this Plan.

(y) **Performance Period** means, in respect of a Performance Share or Performance Unit or Qualified Performance-Based Award, a period of time established pursuant to Section 8 or Section 9, respectively, of this Plan within which the Management Objectives relating to such Performance Share, Performance Unit or Qualified Performance-Based Award are to be achieved.

(z) **Performance Share** means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to Section 8 or Section 9 of this Plan.

(aa) **Performance Unit** means a bookkeeping entry that records a unit equivalent to $1.00 awarded pursuant to Section 8 or Section 9 of this Plan.

(bb) **Plan** means this ACI Worldwide, Inc. 2016 Equity and Performance Incentive Plan, as amended.

(cc) **Qualified Performance-Based Award** means an Award that is either (i) intended to qualify for a Section 162(m) Exemption, and is made subject to the performance of certain Management Objectives, or (ii) an Option or Appreciation Right.

(dd) **Restricted Stock** means Common Shares granted or sold pursuant to Section 6 or Section 9 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(ee) **Restriction Period** means the period of time during which Restricted Stock Units are subject to deferral, a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Board, in its discretion) and other restrictions on transfer, as provided in Section 7 or Section 9 of this Plan.

(ff) **Restricted Stock Unit** means an award made pursuant to Section 7 or Section 9 of this Plan of the right to receive Common Shares or cash at the end of a specified period.

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(gg) **Section 162(m) Exemption** means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code or any successor provision thereto.

(hh) **Spread** means the excess of the Market Value per Share on the date when an Appreciation Right is exercised, or on the date when Options are surrendered in payment of the Option Price of other Options, over the Option Price or Base Price provided for in the related Option or Appreciation Right, respectively.

(ii) **Subsidiary** means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; except that, for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, **Subsidiary** means any corporation in which at the time the Company owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.

(jj) **Tandem Appreciation Right** means an Appreciation Right granted pursuant to Section 5 of this Plan that is granted in tandem with an Option.

3. **SHARES AVAILABLE UNDER THE PLAN; INDIVIDUAL PARTICIPANT LIMITS**

(a) **Number of Shares**. Subject to adjustment as provided in Section 3(b) and Section 12 of this Plan, the maximum number of Common Shares that may be issued or transferred to Participants and their beneficiaries in connection with Awards granted under the Plan shall be equal to the sum of: (i) 8,000,000 Common Shares plus any shares described in Section 3(b), and (ii) any Common Shares that are represented by options granted under the the Company s 2005 Equity and Incentive Plan (the Prior Plan) which are forfeited, expire or are canceled without delivery of Common Shares or which result in the forfeiture or relinquishment of Common Shares back to the Company. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(b) **Share Calculation.**

(i) To the extent that an Award is canceled, terminates, expires, is forfeited or lapses for any reason, any unissued Common Shares subject to the Award will again be available for issuance pursuant to Awards granted under this Plan.

(ii) Common Shares subject to Awards settled in cash will again be available for issuance pursuant to Awards granted under this Plan.

(iii) Shares surrendered or relinquished upon the payment of any Option Price for Options granted under this Plan or the Prior Plan by transfer to the Company of Common Shares or upon satisfaction of any withholding amount will again be available for issuance pursuant to Awards granted under this Plan.

(iv) The number of shares available in Section 3(a) shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Common Shares or credited as additional Restricted Stock, Restricted

Stock Units, Performance Shares or Performance Units.

(v) If, under this Plan, a Participant has given up the right to receive compensation in exchange for Common Shares based on fair market value, such Common Shares will not count against the number of shares available in Section 3(a) above.

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(c) **Individual Limits**. Notwithstanding anything in this Section 3, or elsewhere in this Plan to the contrary and subject to adjustment as provided in Section 12 of this Plan:

(i) the aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 8,000,000 Common Shares;

(ii) no Participant will be granted Options, Appreciation Rights, Restricted Stock, Restricted Stock Units, or Other Awards under this Plan, in the aggregate, for more than 3,000,000 Common Shares during any calendar year; and

(iii) notwithstanding any other provision of this Plan to the contrary, in no event will any Participant in any calendar year receive an award of Performance Shares or Performance Units having an aggregate maximum value as of their respective Dates of Grant in excess of $9,000,000.

(d) **Exclusion from Minimum Vesting Requirements**. Notwithstanding anything in this Plan to the contrary, up to 5% of the available Common Shares, as may be adjusted under Section 12 of this Plan, may be used for awards granted under Section 4 or Section 5 of this Plan that do not at grant comply with the applicable one-year minimum vesting period requirements set forth in such sections of this Plan.

4. **OPTIONS.** The Board may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Options to purchase Common Shares. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements contained in the following provisions:

(a) **Type of Options and Eligibility**. Options granted under this Plan may be (i) Incentive Stock Options (ii) Nonqualified Stock Options, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of employees under Section 3401(c) of the Code.

(b) **Number of Shares**. Each grant will specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this Plan.

(c) **Exercise Price**. Each grant will specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant.

(d) **Exercise Terms and Expiration.** An Option will be exercisable in accordance with such terms and conditions and during such periods established by the Board and set forth in the Award Agreement; provided, however, no Option will be exercisable more than 10 years from the Date of Grant.

(e) **Special Terms for Incentive Stock Options**.

(i) Notwithstanding anything contained herein to the contrary, the aggregate Market Value per Share with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all incentive stock option plans of the Company or any Subsidiary) shall not exceed $100,000 or such other limit set forth in the Code, as amended.

(ii) No Incentive Stock Option shall be granted to an employee who, at the time the Incentive Stock Option is granted, owns (actually or constructively under the provisions of Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, unless the Option Price is at least 110% of the Market Value per Share (determined as of the time the Incentive Stock Option is granted) of Common Shares subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable more than five (5) years from the Date of Grant.

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(iii) To the extent that any provision of this Plan would prevent any Option that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option. Such provision, however, will remain in effect for other Options and there will be no further effect on any provision of this Plan.

(f) **Payment**.

(i) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee for at least 6 months (or other consideration authorized pursuant to Section 4(f)(ii)) having a value at the time of exercise equal to the total Option Price, or (iii) by a combination of such methods of payment.

(ii) The Board may determine, at or after the Date of Grant, that payment of the Option Price of any Nonqualified Stock Option may also be made in whole or in part in the form of Restricted Stock or other Common Shares that are forfeitable or subject to restrictions on transfer, or in the form of Restricted Stock Units, Performance Shares (based, in each case, on the Market Value per Share on the date of exercise), other Options (based on the Spread on the date of exercise) or Performance Units. Unless otherwise determined by the Board at or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 4(f)(ii), the Common Shares received upon the exercise of the Options will be subject to such risks of forfeiture or restrictions on transfer as may correspond to any that apply to the consideration surrendered, but only to the extent, determined with respect to the consideration surrendered, of (A) the number of shares or Performance Shares, (B) the Spread of any unexercisable portion of Options, or (C) the stated value of Performance Units.

(iii) The Board reserves the discretion at or after the Date of Grant to provide for (a) the payment of a cash bonus at the time of exercise; (b) the availability of a loan at exercise; and (c) the right to tender in satisfaction of the Option Price nonforfeitable, unrestricted Common Shares, which are already owned by the Optionee and have a value at the time of exercise that is equal to the Option Price.

(iv) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(g) **General.**

(i) Successive grants may be made to the same Participant whether or not any Options previously granted to such Participant remain unexercised.

(ii) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Options or installments thereof will become exercisable; provided, however, except as otherwise described in Section 3(d) of this Plan and this subsection, no Options may become exercisable sooner than the first anniversary of the Date of Grant of such Options. A grant of Options may provide for the earlier exercise of such Options in the event of the termination of the Optionee s employment for any reason or a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(iii) The exercise of an Option will result in the cancellation on a share- for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan.

(iv) Any grant of Options may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(h) **Award Agreement**. Each grant of Options will be evidenced by an Award Agreement and will contain such terms and provisions, consistent with this Plan, as the Board may approve.

5. **APPRECIATION RIGHTS.**

(a) **Types of Appreciation Rights.** The Board may authorize the granting of (i) Tandem Appreciation Rights in respect of Options granted hereunder to any Optionee, and (ii) Free-Standing Appreciation Rights to any Participant. Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions.

(b) **Tandem Appreciation Rights.** A **Tandem Appreciation Right** will be a right of the Optionee, exercisable by surrender of the related Option, to receive from the Company an amount determined by the Board, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Options; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option.

(i) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option is also exercisable and at a time when the Spread is positive, and by surrender of the related Option for cancellation.

(c) **Free-Standing Appreciation Rights**. A **Free-Standing Appreciation Right** will be a right of the Participant to receive from the Company an amount determined by the Board, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

(i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which will be equal to or greater than the Market Value per Share on the day immediately preceding the Date of Grant;

(ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and

(iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

(d) **Payment.**

(i) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Board the right to elect among those alternatives.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Board at the Date of Grant.

(e) **General.**

(i) Each grant may specify the period or periods of continuous service by the Participant with the Company or any Subsidiary that is necessary before the Appreciation Rights or installments thereof will become exercisable; provided however, except as otherwise described in Section 3(d) of this Plan or this subsection, no grant of Appreciation Rights may become exercisable sooner than first anniversary of the Date of Grant of such Appreciation Rights. A grant of Appreciation Rights may provide for the earlier exercise of such Appreciation Rights, in the event of the termination of the Participant s employment for any reason or a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(ii) Any grant may specify that such Appreciation Right may be exercised only in the event of, or earlier in the event of, a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(iii) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.

(f) **Award Agreement.** Each grant of Appreciation Rights will be evidenced by an Award Agreement, which Award Agreement will describe such Appreciation Rights, identify the related Options (if applicable), and contain such other terms and provisions, consistent with this Plan, as the Board may approve.

6. **RESTRICTED STOCK.** The Board may also authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions.

(a) **Ownership**. Each such grant or sale will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) **Consideration**. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) **Substantial Risk of Forfeiture**.

(i) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale will be subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code for a period of not less than one year to be determined by the Board at the Date of Grant and may provide for the earlier lapse of such substantial risk of forfeiture in the event of a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(ii) Each such grant or sale will provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Board at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).

(d) **General**.

(i) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of shares of Restricted Stock on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives.

(ii) Unless otherwise directed by the Board, all certificates representing shares of Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares.

(e) **Award Agreement**. Each grant or sale of Restricted Stock will be evidenced by an Award Agreement and will contain such terms and provisions, consistent with this Plan, as the Board may approve.

7. **RESTRICTED STOCK UNITS.** The Board may also authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements contained in the following provisions.

(a) **Payment.**

(i) Each such grant or sale will constitute the agreement by the Company to deliver Common Shares or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the Restriction Period as the Board may specify.

(ii) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(b) **Restriction Period**.

(i) Each such grant or sale will be subject to a Restriction Period, as determined by the Board at the Date of Grant, and may provide for the earlier lapse or other modification of such Restriction Period in the event of a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(ii) During the Restriction Period, the Participant will have no right to transfer any rights under his or her Award and will have no rights of ownership in the Restricted Stock Units and will have no right to vote them.

(c) **Award Agreement**. Each grant or sale of Restricted Stock Units will be evidenced by an Award Agreement and will contain such terms and provisions, consistent with this Plan, as the Board may approve.

8. **PERFORMANCE SHARES AND PERFORMANCE UNITS.** The Board may also authorize the granting of Performance Shares and Performance Units that will become payable to a Participant upon achievement of specified Management Objectives during the Performance Period. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions.

(a) **Shares and Units**. Each grant will specify the number of Performance Shares or Performance Units to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors; provided, however, that no such adjustment will be made in the case of a Covered Employee where such action would result in the loss of the otherwise available exemption of the Award under Section 162(m) of the Code.

(b) **Performance Period.** The Performance Period with respect to each Performance Share or Performance Unit will be such period of time, commencing with the Date of Grant as will be determined by the Board at the time of grant, which may be subject to earlier lapse or other modification in the event of a change in control of the Company, as may be defined in an Award Agreement or CIC Agreement.

(c) **Achievement of Management Objectives.** Any grant of Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the Award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level of achievement and will set forth a formula for determining the number of Performance Shares or Performance Units that will be earned if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives. The grant of Performance Shares or Performance Units will specify that, before the Performance Shares or Performance Units will be earned and paid, the Board must certify that the Management Objectives have been satisfied.

(d) **Payment.**

(i) Each grant will specify the time and manner of payment of Performance Shares or Performance Units that have been earned.

(ii) Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Board the right to elect among those alternatives.

(iii) Any grant of Performance Shares or Performance Units may specify that the amount payable or the number of Common Shares issued with respect thereto may not exceed a maximum specified by the Board at the Date of Grant.

(e) **Award Agreement**. Each grant of Performance Shares or Performance Units will be evidenced by an Award Agreement and will contain such other terms and provisions, consistent with this Plan, as the Board may approve.

9. **AWARDS TO NON-EMPLOYEE DIRECTORS.** The Board may authorize the grant or sale of any Award available under this Plan to Non-Employee Directors, from time to time, upon such terms and conditions as it may determine and subject to the terms and conditions pertaining to the type of Award granted, as described in this Plan.

(a) **Payment for Options**. Options may be exercised by a Non-Employee Director only upon payment to the Company in full of the Option Price of the Common Shares to be delivered. Such payment will be made in cash or in Common Shares then owned by the Optionee for at least six months, or in a combination of cash and such Common Shares.

(b) **Employee Status.** If a Non-Employee Director subsequently becomes an employee of the Company or a Subsidiary while remaining a member of the Board, any Options held under the Plan by such individual at the time of such commencement of employment will not be affected thereby.

(c) **Director Compensation Substitution.** Non-Employee Directors, pursuant to this Section 9, may be awarded, or may be permitted to elect to receive, pursuant to procedures established by the Board, all or any portion of their annual retainer, meeting fees or other fees in Common Shares in lieu of cash.

(d) **Award Agreement.** Each grant of Awards pursuant to this Section 9 will be evidenced by an Award Agreement and will contain such other terms and provisions, consistent with this Plan, as the Board may approve.

10. **OTHER AWARDS.**

(a) **Other Awards.** The Board may, subject to limitations under applicable law, grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, Awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Board, and Awards valued by reference to the book value of Common Shares or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Board shall determine the terms and conditions of such Other Awards. Common Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, cash, Common Shares, other awards, notes or other property, as the Board shall determine.

(b) **Cash Awards**. Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this Section 10.

(c) **Share Bonus.** The Board may grant Common Shares as a bonus, or may grant other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Board.

11. **TRANSFERABILITY.**

(a) **Limits on Transferability.** Except for transfers of Awards to the Company pursuant to Section 4(f)(ii), or as provided in Section 11(b) below, no Option, Appreciation Right or other derivative security granted under the Plan shall be transferable by the Participant except by will or the laws of descent and distribution or, except with respect to an Incentive Stock Option, pursuant to a domestic relations order (within the meaning of Rule 16a-12 promulgated under the Exchange Act). Except as otherwise determined by the Board, Options and Appreciation Rights will be exercisable during the Participant s lifetime only by him or her or, in the event of the Participant s legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law and / or court supervision.

(b) **Beneficiary Designations.**

(i) Notwithstanding Section 11(a) above, an Option, Appreciation Right or other derivative security granted under the Plan may be transferable upon the death of the Participant, without payment of consideration therefor, to any one or more family members (as defined in the General Instructions to Form S-8 under the Securities Act of 1933) of the Participant, as may have been designated in writing by the Participant by means of a form of beneficiary designation approved by the Company. Such beneficiary designation may be made at any time by the Participant and shall be effective when it is filed, prior to the death of the Participant, with the Company. Any beneficiary designation may be changed by the filing of a new beneficiary designation, which will cancel any beneficiary designation previously filed with the Company.

(ii) Notwithstanding Section 11(a) above, an Option, Appreciation Right or other derivative security granted under the Plan may be transferable by the Participant without payment of consideration therefor, to any one or more family members (as defined in the General Instructions to Form S-8 under the Securities Act of 1933) of the Participant; provided, however, that such transfer will not be effective until notice of such transfer is delivered to the Company;

and provided, further, however, that any such transferee is subject to the same terms and conditions hereunder as the Participant.

(c) **Additional Restrictions on Transfer.** The Board may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Options or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon

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payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, will be subject to further restrictions on transfer.

12. **ADJUSTMENTS.**

(a) **Outstanding Awards.** The Board shall make or provide for such adjustments in the number of Common Shares covered by outstanding Options, Appreciation Rights, Restricted Stock Units, and Performance Shares granted hereunder and, if applicable, in the number of Common Shares covered by Other Awards, in the Option Price and Base Price provided in outstanding Options and Appreciation Rights, and in the kind of shares covered thereby, as the Board, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization, reclassification or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split- off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Board, in its discretion, may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced.

(b) **Share Limitations.** The Board shall also make or provide for such adjustments in the number and kind of Common Shares specified in Section 3 of this Plan as the Board in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 12; provided, however, that any such adjustment to the number specified in Section 3(c)(i) will be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail so to qualify.

13. **FRACTIONAL SHARES.** The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Board may provide for the elimination of fractions or for the settlement of fractions in cash.

14. **WITHHOLDING TAXES.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Board) may include relinquishment of a portion of such benefit.

15. **FOREIGN EMPLOYEES.** In order to facilitate the making of any grant or combination of grants under this Plan, the Board may provide for such special terms for Awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Board may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same

manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

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16. **ADMINISTRATION OF THE PLAN.**

(a) **Board or Committee.** This Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under this Plan to the Compensation Committee of the Board (or a subcommittee thereof), as constituted from time to time; provided, however, such committee shall consist of two or more members of the Board, all of whom shall qualify as an outside director pursuant to Section 162(m) of the Code and a Non-Employee Director. To the extent of any such delegation, references in this Plan to the Board will be deemed to be references to such committee or subcommittee. A majority of the committee (or subcommittee) will constitute a quorum, and the action of the members of the committee (or subcommittee) present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the committee (or subcommittee).

(b) **Interpretation and Construction.** The interpretation and construction by the Board of any provision of this Plan or of any agreement, notification or document evidencing the grant of Options, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units or Other Awards and any determination by the Board pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Board will be liable for any such action or determination made in good faith.

(c) **Delegation.** The Board or, to the extent of any delegation as provided in Section 16(a), the committee, may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Board, the committee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Board, the committee or such person may have under the Plan. The Board or the committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Board or the committee: (i) designate employees to be recipients of Awards under this Plan; and (b) determine the size of any such Awards; provided, however , that (A) the Board or the Committee shall not delegate such responsibilities to any such officer for Awards granted to an employee who is an officer, Director, or more than 10% beneficial owner of any class of the Company s equity securities that is registered pursuant to Section 11 of the Exchange Act, as determined by the Board in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization sets forth the total number of Common Shares such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Board or the committee, as the case may be, regarding the nature and scope of the Awards granted pursuant to the authority delegated.

(d) **No Other Awards.** The terms of the Plan govern all Awards granted under the Plan, and in no event will the Board have the power to grant any Award under the Plan that is contrary to any of the provisions of the Plan.

17. **AMENDMENTS.**

(a) **Right to Amend the Plan.** The Board may at any time and from time to time amend the Plan in whole or in part; provided, however, that any amendment which must be approved by the stockholders of the Company in order to comply with applicable law or the rules of the NASDAQ Stock Market s National Market or, if the Common Shares are not traded on the NASDAQ Stock Market s National Market, the principal national securities exchange upon which the Common Shares are traded or quoted, will not be effective unless and until such approval has been obtained.

(b) **No Re-Pricing of Options or Appreciation Rights.** The Board will not, without the further approval of the stockholders of the Company, authorize the amendment of any outstanding Option to reduce the Option Price or any outstanding Appreciation Right to reduce the Base Price. Furthermore, no Option or Appreciation Right will be exchanged for cash or cancelled and replaced with Awards having a lower Option Price or Base Price, as applicable, without further approval of the stockholders of the Company. This Section 17(b) is intended to prohibit the repricing of underwater Options and Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 12 of this Plan.

(c) **Amendments to Awards**. The Board may amend the terms of any Award theretofore granted under this Plan prospectively or retroactively, but subject to Section 12 above, no such amendment shall impair the rights of any holder without his or her consent.

18. **ACCELERATION OF VESTING UPON TERMINATION OF EMPLOYMENT.** In case of termination of employment by reason of death, disability or normal or early retirement, or in the case of an unforeseeable emergency or other special circumstances, of a Participant who holds an Option or Appreciation Right not immediately exercisable in full, or any shares of Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Performance Shares or Performance Units which have not been fully earned, or any Other Awards subject to any vesting schedule or transfer restriction, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 11(b) of this Plan, the Board may, in its sole discretion, accelerate the time at which such Option, Appreciation Right or Other Award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such Award.

19. **GOVERNING LAW.** The Plan and all Awards, grants and actions taken thereunder shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware.

20. **TERMINATION OF THE PLAN.** The Plan shall be effective as of the date it is approved by both the Board and the stockholders of the Company. The Board may, in its discretion, terminate this Plan at any time. No grant will be made under this Plan after June 14, 2026, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan. Termination of this Plan will not affect the rights of Participants or their successors under any Awards outstanding hereunder and not exercised in full on the date of termination.

21. **PROVISIONS APPLICABLE TO ALL AWARDS.**

(a) **Dividends and Dividend Equivalents**.

(i) The Board may, at or after the Date of Grant of an Award (other than Incentive Stock Options), provide the Participant the right to receive dividends or dividend equivalents which may be either paid on a current, deferred or contingent basis or credited to an account for the Participant.

(ii) With respect to Restricted Stock, the Board may require that any or all dividends or other distributions paid thereon during the period of time for which such Restricted Stock is subject to substantial risk of forfeiture or other transfer restriction be automatically deferred and reinvested in additional shares of Restricted Stock, which may be subject to the same restrictions as the underlying Restricted Stock.

(iii) Any dividends or dividend equivalents may be settled in cash, Common Shares or a combination of both as determined in the Board s sole discretion.

(b) **Deferrals**. The Board may permit Participants to elect to defer the issuance of Common Shares or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan. The Board also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

(c) **Surrender or Deferral of Compensation.** The Board may condition the grant of any Award or combination of Awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(d) **Qualified Performance-Based Awards.**

(i) The provisions of the Plan are intended to ensure that all Options and Appreciation Rights granted hereunder to any Covered Employee shall qualify for the Section 162(m) Exemption; provided that the Option Price or Base Price of such Award is not less than the Market Value per Share on the Date of Grant. In addition to Performance Shares and Performance Units, when granting any other Award, the Board may designate such Award as a Qualified Performance-Based Award, based upon a determination that the recipient is or may be a Covered Employee with respect to such Award, and the Board wishes such Award to qualify for the Section 162(m) Exemption. If an Award is so designated, the Board shall establish Management Objectives for such Award within the time period prescribed by Section 162(m) of the Code.

(ii) Each Qualified Performance-Based Award (other than an Option or Appreciation Right shall be earned, vested and payable (as applicable) only upon the achievement of the Management Objectives established by the Board, together with the satisfaction of any other conditions as the Board may determine to be appropriate.

(iii) The Board may provide, in its sole and absolute discretion, either in connection with the grant thereof or by amendment thereafter, that achievement of the Management Objectives will be waived upon the death or disability of the Participant, or upon a change in control of the Company, as may be defined in the Award Agreement or CIC Agreement.

(iv) Any payment of a Qualified Performance-Based Award granted with Management Objectives pursuant to this Plan shall be conditioned on the written certification of the Board in each case that the Management Objectives and any other material conditions were satisfied.

(v) Sections 3(c)(ii) and (iv) set forth the maximum number of Common Shares or dollar value that may be granted in any one-year period to a Participant in designated forms of Qualified Performance-Based Awards.

(vi) Any grant of an Award intended to qualify as a Qualified Performance-Performance-based Award will specify Management Objectives which, if achieved, will result in payment or early payment of the Award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level of achievement and will set forth a formula for determining the number of shares or units that will be earned if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives. The grant of a Qualified Performance-based Award will specify that, before the Qualified Performance-based Award will be earned and paid, the Board must certify that the Management Objectives have been satisfied.

(e) **Change in Control**. The Board may provide in an Award Agreement or CIC Agreement for provisions relating to a change in control of the Company (as such term is defined in the Award Agreement or CIC Agreement), including without limitation the acceleration of the exercisability, vesting or settlement of, or the lapse of restrictions or deemed satisfaction of performance objectives with respect to, an Award.

Annex A

(f) **Forfeiture Events.** The Board may specify in an Award Agreement that the Participant s rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company or Subsidiary policies, violation of ethical codes or other codes of conduct, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company or any Subsidiary.

22. **GENERAL PROVISIONS.**

(a) **No Rights to Awards; Non Uniform Awards.** No Participant or any eligible Participant shall have any claim to be granted any Award under the Plan. Neither the Company, its Subsidiaries nor the Board is obligated to treat Participants or eligible Participants uniformly, and determinations made under the Plan may be made by the Board selectively among eligible Participants who receive, or are eligible to receive, Awards (whether or not such eligible Participants are similarly situated).

(b) **No Exercises Contrary to Law.** No Award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Board, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(c) **No Right to Employment.** This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant s employment or other service at any time.

(d) **Authorized Leaves.** Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries shall not be considered interruption or termination of service of any employee for any purposes of this Plan or Awards granted hereunder, except that no Awards may be granted to an employee while he or she is absent on leave.

(e) **No Rights as a Stockholder.** No Participant shall have any rights as a stockholder with respect to any shares subject to Awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.

(f) **Conflicts.** In the event any provision of any Award granted under the Plan shall conflict with any term in the Plan, the term in the Plan shall control.

(g) **Headings.** The headings used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize, or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

(h) **Successors and Assigns.** The Plan is binding on and will inure to the benefit of any successor to the Company, whether by way of merger, consolidation, purchase, or otherwise.

(i) **Severability.** If any provision of the Plan or any Award Agreement or CIC Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan or Award Agreement or CIC Agreement, and the Plan and each Award Agreement and CIC Agreement shall each be construed and enforced as if the invalid provisions had never been set forth therein.

(j) **No Strict Construction.** No rule of strict construction shall be applied against the Company or any other person in the interpretation of any of the terms of the Plan, any Award Agreement, any CIC Agreement or any Award granted under the Plan, or any rule, regulation or procedure established by the Board.

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