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S1 CORP /DE/

Form 425

July 26, 2011

Filed by ACI Worldwide, Inc. pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934 Subject Company: S1 Corporation  
Commission File No.: 000-24931

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ACI Proposal to S1

**July 26, 2011**

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## **Private Securities Litigation Reform Act of 1995**

### **Safe Harbor For Forward-Looking Statements**

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. All opinions, forecasts, projections, future plans or other statements other than statements of historical fact, are

forward-looking statements and include words or phrases such as believes, will, expects, anticipates, intends,

estimates, our view, we see, would and words and phrases of similar impact. The forward-looking statements are made

pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We can give no assurance that such expectations will prove to have been correct. Actual results could differ materially as a result of a variety of risks and uncertainties, many of which are outside of the control of management. These risks and

uncertainties include, but are not limited to the following: (1) that a transaction with S1 Corporation ( S1 ) may not be completed on a timely basis and on favorable terms, (2) negative effects on our business or S1 s business resulting from the pendency of

the merger, g , (3) that we may not achieve the synergies and other expected benefits within the expected time or in the amounts we anticipate, (4) that we may not be able to promptly and effectively integrate the merged businesses after closing. Other

factors that could materially affect our business and actual results of operations are discussed in our most recent 10-Ks as well as other filings with the SEC available at the Securities and Exchange Commission ( SEC ) website at [www.sec.gov](http://www.sec.gov). Forwardlooking

statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of

them in light of new information, future events or otherwise. Available Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. After any merger agreement is finalized with S1 or an exchange offer is commenced, ACI Worldwide, Inc.

( ACI ) will file with the SEC a registration statement on Form S-4 containing a prospectus and other documents with respect to the proposed acquisition of S1 and would then mail a prospectus to S1 shareholders. INVESTORS AND SECURITY HOLDERS

OF S1 AND ACI ARE URGED TO READ THE APPLICABLE PROSPECTUS AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL

CONTAIN IMPORTANT INFORMATION.

Investors and security holders will be able to obtain free copies of the registration statements and prospectuses (when available) and other documents filed with the SEC by ACI through the website maintained by the SEC at <http://www.sec.gov>. Copies of the

documents filed with the SEC by ACI will be available free of charge on ACI s internet website at [www.aciworldwide.com](http://www.aciworldwide.com) or by

contacting ACI s Investor Relations Department at 646-348-6706 July 26, 2011

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**Transaction Highlights**

**We believe that ACI's proposal is superior to the S1-Fundtech merger. We believe that this transaction would:**

**Provide greater scale and global reach to serve a large and growing marketplace**

**Add complementary product capabilities and customer base. Create significant cost savings to drive earnings accretion and margin**

**expansion. Maintain a strong balance sheet with significant liquidity and substantial**

**free cash flow** 4 July 26, 2011

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**Proposed Acquisition of S1**

**Proposed Price** \$9.50 per S1 share 33% to S1's last trading price on July 25, 2011

**P e i** 32% t 90 d V I W i ht d A P i 60% cash

**Consideration** 40% stock (tax free) to day Volume Weighted Average Price

23% to 52-week high

**Premium**

Cash and stock election, subject to proration S1 shareholders ~ 15%

**Pro Forma Ownership** 1 ACI shareholders ~ 85% Customary regulatory approvals

**Key Conditions** S1 shareholder approval No financing condition

**Financing** Financing commitment from Wells Fargo Bank, N.A. **Expected Closing** Q4 2011

5 1) Based on fully diluted shares outstanding; based on ACI's share price as of July 25, 2011

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**Superior Value for S1 Shareholders**

**We believe that we have made a financially and strategically superior proposal compared to Fundtech transaction**

**Substantial premium and immediate cash value to S1 shareholders**

**Opportunity to participate in the long-term value creation inherent in a combined ACI-S1 through stock election**

**S1 Three Year Stock Price Performance**

\$7.00 \$9.50

price ACI s Proposal Price: \$9.50

\$7.13 1 \$4.50

Share P \$2.00

Jul-08 Dec-08 Apr-09 Aug-09 Dec-09 May-10 Sep-10 Jan-11 Jun-11

*ACI s proposal represents a significant*

*if S1 h h ld 6 July 26, 2011*

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**ACI has a Strong Record of Driving Shareholder Value**

**3 Year Stock Price Performance 1 ACI CY Monthly Recurring Revenue Mix \$374**

\$418 \$406 \$418 43% 40%

32% Recurring Revenue Non-Recurring Revenue

180 220

ue ACIW SONE Bank / Payment Technology

**91.1%** 2 (\$ in millions)

68% 59% 57% 60%

41% 60

100 140

Relative Val **26.0%**

**(10.3%)** CY2007 CY2008 CY2009 CY2010

20 Jul-08 Dec-08 May-09 Oct-09 Mar-10 Aug-10 Jan-11 Jun-11

**ACI Adjusted EBITDA and Margin ACI 60 Month Backlog**

*Strong stock performance over the past three years,  
significantly outperforming the peer group*

*Strong growth in recurring revenue, driven by focus*

*on establishing long-term relationships with customer base \$73*

\$88 \$102

Adjusted EBITDA EBITDA Margin g

\$1,566 \$1,517

\$1,213 \$1,388 \$1,407

(\$ in millions) (\$ in millions) \$27

\$52 12.5%

18.0% 21.0% 22.4%

7.2% CY2007 CY2008 CY2009 CY2010 CY2011E CY2006 CY2007 CY2008 CY2009 CY2010

*Year-over-Year margin expansion demonstrates  
scale and cost management*

*Continued growth in backlog yields*

*increased forward revenue visibility* Source: Company guidance, public company filings and CapitalIQ

1) Based on closing price as of July 22, 2011 2) Includes EPAY, FICO, FIS, FISV, FNDD, GPN, JKHY,  
LSE:MSY, ORCC and TSS 7 July 26, 2011



**ACI and S1 Side-by-Side Comparison**

**ACI S1**

**Global**

**Operations**

**Operates in ~90 countries including US,**

**UK, India, Singapore and Romania**

**Operates in 50 countries including**

**US, South Africa, India and UK**

**Employees**

**(2010YE)**

**Total: 2,134**

**Inc. R&D: 750**

**Total: 1,670**

**Inc. R&D: 360**

**Revenue Americas: 53%**

**Americas: 73%**

**Breakdown**

**(2010)**

**EMEA: 36%**

**Asia/Pacific: 11%**

**EMEI: 14%**

**Africa: 7%**

**Asia/Pacific: 6%**

**2010 \$418 million \$209 million**

**Revenue**

**8 o o 2010 Adjusted**

**EBITDA**

**\$88 million \$10 million**

**Customers 800+ customers 3,000+ customers**

**Avg. Revenue**

**per Customer \$523,000 \$69,000**

*Combined company will have increased scale and capabilities*

Source: Public filings, company investor presentations 8 July 26, 2011

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**ACI / S1 Compelling Strategic Rationale**

**Full-service global provider of enterprise payments software**

Combined company with \$650 million of pro forma 3/31/2011 LTM revenue and \$110 million of pro forma 3/31/2011 LTM Adjusted EBITDA, before synergies

**Highly complementary products and extends customer base**

Would provide a rich set of capabilities and a broad portfolio of products to customers across the entire electronic payments spectrum Expanded customer base would create cross selling opportunities

**Enhanced global position**

Expands presence in key emerging markets Creates ~\$100 million in revenue hosting business  
Brings global reach to ACI s payments solutions for Retailers

**Strong financial profile**

Solid balance sheet with substantial liquidity and significant free cash flows

**Significant cost saving opportunities**

Significant cost saving opportunities expected by leveraging global cost structure, resulting in meaningful margin expansion

*The combination is expected to be accretive in 2012*

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**Combined Company with Enhanced Scale in Enterprise Payments**

(\$ in millions) \$14,055

\$11,712

**Enterprise Value**

*The combined*

*company will benefit from its*

\$3,534 \$3,395 \$2,792 \$2,366

\$1,694 \$1,453 \$1,182 \$740 *increased scale*

, \$343 \$211 \$224 FIS FISV TSS GPN JKHY LSE:MSY Pro

Forma FICO ACIW EPAY SONE FNDDT ORCC

**LTM Revenue, Adjusted EBITDA and Margin<sup>2</sup>**

LTM Adjusted EBITDA LTM Revenue LTM Adjusted EBITDA Margin \$1,765 \$1,734

22% 21% 19% 32%

24% 30%

27% 17%

22% 16%

33% *\$650 million and*

*\$110 million PF*

*Revenue and*

*Adjusted EBITDA*

*business with* \$5,418 \$4,173

1,631 1,371

418 468 298

110 151 \$651 \$619 \$561

\$435 \$216 \$177 \$150 \$146

122 97 13 36 28 24 \$945

6% 24%

1 3

*attractive margin profile*

*outlook 1*

Source: Public filings and CapitalIQ 1) Exchange rate of £1 = \$1.6294 as of July 25, 2011. Pro Forma for the divestiture of Allscripts

2) LTM numbers for the period ending 3/31/2011 except FICO (2/28/2011), GPN (2/28/2011) and LSE:MYS (11/30/2010)

3) Does not include cost savings July 26, 2011

**ACI / S1 Providing a Rich Set of Capabilities**

**Enterprise Payments Suite**

**Online Banking Wholesale**

**Payments Retail Payments**

**Merchant**

**Retailer**

**Payments**

**Fraud**

**Management**

**Tools &**

**Infrastructure**

**US Online Banking**

**Mobile**

**Transaction Banking**

**Card and Account**

**Management**

**Retail Payment**

**Management**

**Authentication**

**North American**

**Payments**

**Loyalty in-store**

**Proactive Risk**

**Management**

**Case Management**

**Analytics**

**Payments**

**Authentication, Infrastructure**

**Authorization,**

**Acquiring, Clearing**

**and Settlement**

**Loyalty, Branch**

**Community Banking**

**Consumer New End Market**

**Trade**

**Global**

**Tier 2 and**

**Tier 3 FIs**

**Global**

**ACI S1**

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*The acquisition of S1 would provide complementary products  
to ACI s robust portfolio of payment solutions*

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**Greater Scale to Address Large & Growing**

**Worldwide Payment Opportunity**

**12,989 14,184**

**1,057 5.8% 5YR CAGR (2011-16)= 9.6%**

**2011 ESTIMATED SHARE**

*BPO (eg. processors)*

*FundTech*

*Bottomline*

*NICE (Actimize)*

*BAE (Norkom & Detica)*

*Clear2Pay*

*Dovetail*

**SERVICEABLE SOFTWARE**

**INDUSTRY SPEND IN 2016 = \$14.2B**

(\$ in millions) **8 949**

**9,864 10,881**

**11,914 898**

**957 1,005**

*INTUIT (Digital Insights)*

**S1** 2011 Estimated Share of 3%

*SAS*

**IT SERVICES**

*FIS*

**16% 38%**

**46% 8,949**

**10.6% 796**

**844 7,695**

**8,456 9,307**

*IBM*

**ACI** 2011 Estimated Share of 5%

*FAIR ISAAC (FICO)*

**SOFTWARE**

Online Banking and Cash Management

**10.5% 10 2%**

**5,625 6,259**

**6,965 688**

**760 834**

**916** Retail Banking

Payments Wholesale

Banking Payments **OTHER 10.2%**

7.7% 7.2%

556 604

381 987

619 644

429 1,068

691 483

1,155 744

510 1,247

796 562

1,335 854

619 1,430

Merchant Retailer Payments

*(Homegrown &*

*Regional)*

Tools and Infrastructure

Fraud Management

**Source: IDC Financial Insights 2011, ACI Internal Analysis Source: IDC Financial Insights, June 2011; Company reports and ACI analysis**

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**Strong Pro Forma Financial Profile**

23 \$645 \$628

\$690 \$600

\$800 ACIW SONE

**Revenue**

(\$ in millions) 406 418 455

239 209 235

\$200 \$400

\$0 2009A Revenue 2010A Revenue 2011E Revenue

**Adjusted EBITDA (% Margin)**

(\$ in millions) ACIW SONE 46 10

26 \$119

\$98 \$128

\$80 \$120

\$160 (19.4%) (5.0%)

(11.1%) 73

88 102

\$0 \$40

2009A Adj. EBITDA **Combined Adjusted** 2010A Adj. EBITDA 2011E Adj. EBITDA

**EBITDA Margin 18.5% 15.6% 18.6%**

(18.0%) (21.0%) (22.4%)

Source: Public filings, 2011E based on midpoint of public guidance

*Strong pro forma cash flow profile quickly de-levers to maintain*

*strong, flexible balance sheet for continued growth and investment* **14** July 16, 2011

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**Combined Company Will Realize Significant Cost Savings**

We believe that the combination of ACI and S1 will deliver cost savings more than twice those contemplated in the proposed S1-Fundtech merger

These cost savings would bring the combined business in line with ACI's historical margins

Multiple expected sources of cost savings include corporate and public company costs, SG&A, product management, hosting infrastructure and facilities

We expect the transaction to be accretive in 2012

*We believe that a combined ACI-S1 will benefit from leveraging a global*

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**Key Events**

S1 Board to make superior offer determination under the Fundtech merger agreement

Fundtech merger agreement terminated in favor of ACI transaction ACI and S1 enter into a merger agreement

Receipt of S1 shareholder approval Customary regulatory approvals

ACI committed to make a transaction a reality Expected transaction close Q4 2011

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**Summary**

**We believe that ACI's proposal is superior to the S1-Fundtech merger. We believe that this transaction would:**

**Provide greater scale and global reach to serve a large and growing marketplace**

**Add complementary product capabilities and customer base. Create significant cost savings to drive earnings accretion and margin**

**expansion. Maintain a strong balance sheet with significant liquidity and substantial**

**free cash flow** 18 July 26, 2011

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### **Non-GAAP Financial Measures**

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

Backlog is considered a non-GAAP financial measure as defined by SEC Regulation G. Our 60-month backlog estimate represents expected revenues from existing customers using the following key assumptions: Maintenance fees are assumed to exist for the duration of the license term for those contracts in

which the committed maintenance term is less than the committed license term. License and facilities management arrangements are assumed to renew at the end of their committed term at a rate consistent with our historical experiences. Non-recurring license arrangements are assumed to renew as recurring revenue streams.

Foreign currency exchange rates are assumed to remain constant over the 60-month backlog period for those contracts stated in currencies other than the U.S. dollar.

Our pricing policies and practices are assumed to remain constant over the 60-month backlog period.

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**Non-GAAP Financial Measures**

results are inherently unreliable Our backlog estimates Estimates of future financial unreliable. require substantial judgment and are based on a number of assumptions as described above. These assumptions may turn out to be inaccurate or wrong, including for reasons outside of management's control. For example, our customers may attempt to renegotiate or terminate their contracts for a number of reasons, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location, or we may experience delays in the development or delivery of products or services specified in customer contracts which may cause the actual renewal rates and amounts to differ from historical experiences. Changes in foreign currency exchange rates may also impact the amount of revenue actually recognized in future periods. Accordingly, there can be no assurance that contracts included in backlog estimates will actually generate the specified revenues or that the actual revenues will be generated within the corresponding 60-month period. Backlog should be considered in addition to, rather than as a substitute for, reported revenue and deferred revenue. ACI also includes Adjusted EBITDA, which is defined as operating income (loss) plus depreciation and amortization and non-cash compensation. Adjusted EBITDA is considered a non-GAAP financial measure as defined by SEC Regulation G. Adjusted EBITDA should be considered in addition to, rather than as a substitute for, operating income (loss).

**Adjusted EBITDA**

(millions) 2007 2008 2009 2010 Net income (loss) (\$13.8) \$10.6 \$19.6 \$27.2

Plus:

**Calendar Year Ended December 31,**

Income tax expense	7.7	17.0	13.5	21.5	Net interest expense	2.6	2.4	1.8	1.3
Net other expense (income)	3.8	(8.2)	6.7	3.6	Depreciation expense	6.0	6.5	6.3	6.7
Amortization expense	14.8	15.5	17.4	19.7					
Non-cash compensation expense	5.8	7.9	7.6	7.8					
<b>Adjusted EBITDA</b>	<b>\$26.9</b>	<b>\$51.7</b>	<b>\$72.9</b>	<b>\$87.8</b>					

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