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):

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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.

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

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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

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	

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

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.

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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.

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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 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.

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.

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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

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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.

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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**