

S1 Corporation

Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

TABLE 1

	Three Months Ended		Six Months Ended	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Revenue:				
Software licenses	\$12,311	\$8,117	\$23,929	\$17,652
Support and maintenance	13,612	12,595	26,097	24,298
Professional services	24,090	23,736	47,165	44,858
Data center	10,829	12,040	21,939	24,353
	-----	-----	-----	-----
Total revenue	60,842	56,488	119,130	111,161
	-----	-----	-----	-----
Operating expenses:				
Cost of software licenses (1)	1,272	1,145	2,112	2,137
Cost of professional services, support and maintenance (1)	18,537	18,033	36,797	35,525
Cost of data center (1)	7,118	6,401	14,090	12,958
Selling and marketing	9,429	9,343	16,251	17,559
Product development	8,973	7,027	17,145	13,782
General and administrative	7,487	6,383	12,003	12,818
Depreciation and amortization of intangible assets	2,427	2,203	5,000	4,428
	-----	-----	-----	-----
Total operating expenses	55,243	50,535	103,398	99,207
	-----	-----	-----	-----
Operating income	5,599	5,953	15,732	11,954
Interest and other (expense) income, net	(528)	124	(518)	418
Income tax expense	(440)	(941)	(1,639)	(2,046)
	-----	-----	-----	-----
Net income	\$4,631	\$5,136	\$13,575	\$10,326
	=====	=====	=====	=====
Earnings per share:				
Basic	\$0.09	\$0.09	\$0.25	\$0.18
Diluted	\$0.08	\$0.09	\$0.25	\$0.18
Weighted average common shares outstanding				
- basic	52,868,795	56,622,937	52,851,339	56,587,193
Weighted average common shares outstanding				
- diluted	53,601,856	57,354,991	53,515,854	57,220,150

(1) Excludes charges for depreciation. Cost of software licenses includes amortization of acquired technology of \$500 thousand and \$700 thousand for the three months ended June 30, 2009 and 2008, respectively, and \$900 thousand and \$1.4 million for the six months ended June 30, 2009 and 2008, respectively.

S1 Corporation
Consolidated Balance Sheets
(In thousands, except share data)

TABLE 2

	(Unaudited)	
	June 30, 2009	December 31, 2008
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$75,207	\$63,840
Accounts receivable, net	57,136	42,561
Prepaid expenses	4,788	5,123
Other current assets	3,035	3,575
	-----	-----
Total current assets	140,166	115,099
Property and equipment, net	23,132	23,015

Intangible assets, net	6,105	7,585
Goodwill, net	126,671	124,362
Other assets	7,738	8,625
	-----	-----
Total assets	\$303,812	\$278,686
	=====	=====
	Liabilities and Stockholders' Equity	
Current liabilities:		
Accounts payable	\$2,818	\$1,366
Accrued compensation and benefits	14,214	16,147
Accrued restructuring	2,136	2,323
Accrued other expenses	11,953	10,271
Deferred revenues	33,762	25,271
Current portion of debt obligation	2,074	3,917
	-----	-----
Total current liabilities	66,957	59,295
Debt obligation, excluding current portion	5,494	6,196
Accrued restructuring, excluding current portion	2,480	3,443
Other liabilities	1,456	1,012
	-----	-----
Total liabilities	\$76,387	\$69,946
	-----	-----
Stockholders' equity:		
Preferred stock	10,000	10,000
Common stock	529	528
Additional paid-in capital	1,793,841	1,791,924
Accumulated deficit	(1,574,382)	(1,587,957)
Accumulated other comprehensive loss	(2,563)	(5,755)
	-----	-----
Total stockholders' equity	227,425	208,740
	-----	-----
Total liabilities and stockholders' equity	\$303,812	\$278,686
	=====	=====
Preferred shares issued and outstanding	749,064	749,064
Common shares issued and outstanding	52,912,688	52,799,310

S1 Corporation
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)
TABLE 3

	Three Months Ended		Six Months Ended	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Cash flows from operating activities:				
Net income	\$4,631	\$5,136	\$13,575	\$10,326
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,884	2,865	5,915	5,835
Provision for doubtful accounts receivable and billing adjustments	307	(728)	(92)	(385)
Stock based compensation expense	3,091	2,305	560	4,193
Changes in assets and liabilities				
Increase in accounts receivable	(2,840)	(3,362)	(11,630)	(8,627)
(Increase) decrease in prepaid expenses and other assets	(1,536)	(133)	(1,254)	107

Increase in accounts payable	967	131	1,381	1,157
(Decrease) increase in income taxes payable	(308)	90	627	1,229
Increase (decrease) in accrued expenses and other liabilities	2,337	623	(733)	(2,009)
(Decrease) increase in deferred revenues	(286)	4,613	8,187	4,473
	-----	-----	-----	-----
Net cash provided by operating activities	9,247	11,540	16,536	16,299
Cash flows from investing activities:				
Maturities of short-term investment securities	231	5,595	917	11,450
Purchases of short-term investment securities	-	(801)	-	(982)
Amounts released in escrow related to sale of business	-	-	-	3,712
Purchases of property, equipment and technology	(1,484)	(2,506)	(4,506)	(4,717)
	-----	-----	-----	-----
Net cash (used in) provided by investing activities	(1,253)	2,288	(3,589)	9,463
Cash flows from financing activities:				
(Payments) proceeds from exercise of employee stock options	(12)	53	142	828
Payments on capital leases and debt obligations	(615)	(935)	(2,545)	(1,868)
Repurchase and retirement of common stock	-	-	-	(1,739)
	-----	-----	-----	-----
Net cash used in financing activities	(627)	(882)	(2,403)	(2,779)
Effect of exchange rate changes on cash and cash equivalents	1,452	(636)	823	(561)
	-----	-----	---	-----
Net increase in cash and cash equivalents	8,819	12,310	11,367	22,422
Cash and cash equivalents at beginning of period	66,388	55,123	63,840	45,011
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$75,207	\$67,433	\$75,207	\$67,433
	=====	=====	=====	=====

S1 Corporation
Consolidated Statements of Operations
(In thousands)
(Unaudited)
TABLE 4

	Three Months Ended		Six Months Ended	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Revenue:				
Software licenses	\$12,311	\$8,117	\$23,929	\$17,652
Support and maintenance	13,612	12,595	26,097	24,298
Professional services	24,090	23,736	47,165	44,858
Data center	10,829	12,040	21,939	24,353
	-----	-----	-----	-----
Total revenue	60,842	56,488	119,130	111,161
	-----	-----	-----	-----
Operating expenses:				
Cost of software licenses	1,272	1,145	2,112	2,137
Cost of professional services, support and maintenance	18,537	18,033	36,797	35,525
Cost of data center	7,118	6,401	14,090	12,958

Selling and marketing	9,429	9,343	16,251	17,559
Product development	8,973	7,027	17,145	13,782
General and administrative	7,487	6,383	12,003	12,818
Depreciation and amortization of intangible assets	2,427	2,203	5,000	4,428
	-----	-----	-----	-----
Total operating expenses (1)	55,243	50,535	103,398	99,207
	-----	-----	-----	-----
Operating income	5,599	5,953	15,732	11,954
Interest and other (expense) income, net	(528)	124	(518)	418
Income tax expense	(440)	(941)	(1,639)	(2,046)
	----	----	----	----
Net income	\$4,631	\$5,136	\$13,575	\$10,326
	=====	=====	=====	=====
Reconciliation to Adjusted EBITDA:				
Net income	\$4,631	\$5,136	\$13,575	\$10,326
Interest and other (expense) income, net	528	(124)	518	(418)
Income tax expense	440	941	1,639	2,046
Depreciation	2,144	1,921	4,435	3,863
Amortization	740	944	1,480	1,972
Stock based compensation expense	3,091	2,305	560	4,193
	-----	-----	-----	-----
Adjusted EBITDA	\$11,574	\$11,123	\$22,207	\$21,982
	=====	=====	=====	=====

(1) Includes stock based compensation expense of:				
Cost of professional services, support and maintenance	\$213	\$27	\$61	\$73
Cost of data center	23	22	43	47
Selling and marketing	1,147	882	(73)	1,606
Product development	236	262	106	584
General and administrative	1,472	1,112	423	1,883
	-----	-----	-----	-----
	\$3,091	\$2,305	\$560	\$4,193
	=====	=====	=====	=====

S1 Corporation
Enterprise Segment
Statements of Operations
(In thousands)
(Unaudited)
TABLE 5

	Three Months Ended		Six Months Ended	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Revenue:				
Software licenses	\$1,683	\$2,437	\$4,470	\$4,026
Support and maintenance	5,002	4,499	9,667	8,205
Professional services	17,741	18,104	36,315	35,194
Data center	6,986	7,032	14,226	14,135
	-----	-----	-----	-----
Total revenue	31,412	32,072	64,678	61,560
	-----	-----	-----	-----
Operating expenses:				
Cost of software licenses	203	418	513	752
Cost of professional services, Support and maintenance	10,730	10,999	22,321	21,631
Cost of data center	4,041	3,735	8,057	7,680
Selling and marketing	4,632	4,133	7,018	7,971
Product development	5,627	4,472	10,682	8,570
General and administrative	3,616	3,339	5,939	6,939
Depreciation and amortization of intangible assets	1,229	1,110	2,537	2,265
	-----	-----	-----	-----
Total operating expenses (1)	30,078	28,206	57,067	55,808
	-----	-----	-----	-----
Operating income	\$1,334	\$3,866	\$7,611	\$5,752
	=====	=====	=====	=====

Reconciliation to Adjusted EBITDA:				
Operating income	\$1,334	\$3,866	\$7,611	\$5,752
Depreciation	1,229	1,110	2,537	2,265
Amortization	61	62	122	207
Stock based compensation expense	1,794	1,410	280	2,720
	-----	-----	-----	-----
Adjusted EBITDA	\$4,418	\$6,448	\$10,550	\$10,944
	=====	=====	=====	=====

(1) Includes stock based compensation expense of:

Cost of professional services, support and maintenance	\$39	\$15	\$77	\$38
Cost of data center	6	10	8	23
Selling and marketing	935	570	(139)	1,128
Product development	196	228	26	507
General and administrative	618	587	308	1,024
	---	---	---	---
	\$1,794	\$1,410	\$280	\$2,720
	=====	=====	=====	=====

S1 Corporation
Postilion Segment
Statements of Operations
(In thousands)
(Unaudited)
TABLE 6

	Three Months Ended		Six Months Ended	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Revenue:				
Software licenses	\$10,628	\$5,680	\$19,459	\$13,626
Support and maintenance	8,610	8,096	16,430	16,093
Professional services	6,349	5,632	10,850	9,664
Data center	3,843	5,008	7,713	10,218
	-----	-----	-----	-----
Total revenue	29,430	24,416	54,452	49,601
	-----	-----	-----	-----
Operating expenses:				
Cost of software licenses	1,069	727	1,599	1,385
Cost of professional services, support and maintenance	7,807	7,034	14,476	13,894
Cost of data center	3,077	2,666	6,033	5,278
Selling and marketing	4,797	5,210	9,233	9,588
Product development	3,346	2,555	6,463	5,212
General and administrative	3,871	3,044	6,064	5,879
Depreciation and amortization of intangible assets	1,198	1,093	2,463	2,163
	-----	-----	-----	-----
Total operating expenses (1)	25,165	22,329	46,331	43,399
	-----	-----	-----	-----
Operating income	\$4,265	\$2,087	\$8,121	\$6,202
	=====	=====	=====	=====
Reconciliation to Adjusted EBITDA:				
Operating income	\$4,265	\$2,087	\$8,121	\$6,202
Depreciation	915	811	1,898	1,598
Amortization	679	882	1,358	1,765
Stock based compensation expense	1,297	895	280	1,473
	-----	-----	-----	-----
Adjusted EBITDA	\$7,156	\$4,675	\$11,657	\$11,038
	=====	=====	=====	=====

(1) Includes stock based compensation expense of:

Cost of professional services, support and maintenance	\$174	\$12	\$(16)	\$35
Cost of data center	17	12	35	24
Selling and marketing	212	312	66	478
Product development	40	34	80	77
General and administrative	854	525	115	859
	---	---	---	---
	\$1,297	\$895	\$280	\$1,473
	=====	=====	=====	=====