

(1) Adjusted EBITDA Reconciliation

For the three months ended September 30, 2008			
	Enterprise	Postilion	Total
Adjusted EBITDA	\$5,788	\$4,718	\$10,506
Depreciation	(1,127)	(847)	(1,974)
Amortization	(62)	(881)	(943)
Stock-based compensation expense	(214)	(198)	(412)
	-----	-----	-----
Operating income	\$4,385	\$2,792	\$7,177
Interest and other income, net			296
Income tax expense			(1,282)
			-----
Net income			\$6,191
			=====

For the nine months ended September 30, 2008			
	Enterprise	Postilion	Total
Adjusted EBITDA	\$16,732	\$15,756	\$32,488
Depreciation	(3,392)	(2,445)	(5,837)
Amortization	(269)	(2,646)	(2,915)
Stock-based compensation expense	(2,934)	(1,671)	(4,605)
	-----	-----	-----
Operating income	\$10,137	\$8,994	\$19,131
Interest and other income, net			714
Income tax expense			(3,328)
			-----
Net income			\$ 16,517
			=====

S1 Corporation  
Consolidated Statements of Operations  
(In thousands, except share and per share data)  
(Unaudited)  
TABLE 1

	Three Months Ended		Nine Months Ended	
	9/30/2008	9/30/2007	9/30/2008	9/30/2007
Revenues:				
Software licenses	\$9,129	\$8,291	\$26,523	\$21,808
Support and maintenance	12,244	11,695	36,532	33,397
Professional services	24,905	19,426	69,632	60,539
Data center	12,080	11,647	36,268	35,077
Other	291	255	855	657
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Total revenues	58,649	51,314	169,810	151,478
Operating expenses:				
Cost of software licenses (1)	927	975	2,997	2,807
Cost of professional services, support and maintenance (1)	19,405	16,999	54,888	49,723
Cost of data center (1)	6,639	6,333	19,597	18,522
Cost of other revenue	132	34	241	306
Selling and marketing	8,360	7,978	25,919	23,143
Product development	7,658	6,357	21,440	18,267
General and administrative	6,094	6,339	18,912	20,748
Depreciation	1,974	1,611	5,837	5,182
Amortization of other intangible assets	283	282	848	892
	-----	-----	-----	-----
Total operating expenses (2)	51,472	46,908	150,679	139,590
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Operating income	7,177	4,406	19,131	11,888
Interest and other income, net	296	855	714	2,510
Income tax expense	(1,282)	(113)	(3,328)	(1,334)
	-----	-----	-----	-----
Net income	\$6,191	\$5,148	\$16,517	\$13,064
Earnings per share:				
Basic	\$0.11	\$0.09	\$0.29	\$0.21
	=====	=====	=====	=====
Diluted	\$0.11	\$0.08	\$0.28	\$0.21

Weighted average common shares outstanding - basic	56,559,777	58,841,870	56,577,987	60,511,758
Weighted average common shares outstanding - diluted	57,643,062	60,090,298	57,413,725	61,361,976

- (1) Excludes charges for depreciation. Cost of software license includes amortization of purchased technology.
- (2) Includes stock-based compensation expenses of \$0.4 million and \$2.9 million for the three months ended September 30, 2008 and 2007, respectively and \$4.6 million and \$7.9 million for the nine months ended September 30, 2008 and 2007, respectively.
- Please refer to Tables 4, 5 and 6 for further details.

S1 Corporation  
Consolidated Balance Sheets  
(In thousands, except share data)  
TABLE 2

	(Unaudited) September 30, 2008	December 31, 2007
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<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$75,386	\$45,011
Short-term investments	6,454	23,855
Accounts receivable, net	43,647	39,969
Prepaid expenses	4,892	3,354
Other current assets	1,817	6,389
	-----	-----
Total current assets	132,196	118,578
Property and equipment, net	22,342	20,906
Intangible assets, net	8,325	11,240
Goodwill, net	125,160	125,281
Other assets	4,220	5,839
	-----	-----
Total assets	\$292,243	\$281,844
	-----	-----
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$2,707	\$2,300
Accrued compensation and benefits	13,074	10,649
Accrued restructuring	2,073	3,043
Accrued other expenses	12,662	8,198
Deferred revenues	28,447	26,345
Current portion of debt obligation	3,153	3,725
	-----	-----
Total current liabilities	62,116	54,260
Other liabilities	11,904	17,679
	-----	-----
Total liabilities	74,020	71,939
	-----	-----
Stockholders' equity:		
Preferred stock	10,000	10,000
Common stock	558	567
Additional paid-in capital	1,807,732	1,810,783
Treasury stock	(2,362)	-
Accumulated deficit	(1,593,290)	(1,609,807)
Accumulated other comprehensive income	(4,415)	(1,638)
	-----	-----
Total stockholders' equity	218,223	209,905
	-----	-----
Total liabilities and stockholders' equity	\$292,243	\$281,844
	-----	-----
Preferred shares issued and outstanding	749,064	749,064
Common shares issued and outstanding	55,754,239	56,748,906
Common shares held in treasury	380,551	-

S1 Corporation  
Consolidated Statements of Cash Flows

(In thousands)  
(Unaudited)  
TABLE 3

	Nine Months Ended September 30, 2008	September 30, 2007
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Cash flows from operating activities:		
Net income	\$16,517	\$13,064
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,752	8,224
Provision for doubtful accounts receivable and billing adjustments	(342)	37
Stock based compensation expense	4,605	7,902
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(3,610)	5,130
Decrease (increase) in prepaid expenses and other assets	1,068	(3,485)
Increase (decrease) in accounts payable	134	(629)
Increase (decrease) in accrued expenses and other liabilities	1,977	(10,010)
Increase (decrease) in deferred revenues	2,053	(2,340)
	-----	-----
Net cash provided by operating activities	31,154	17,893
Net cash provided by investing activities	13,840	8,356
Net cash used in financing activities	(12,262)	(27,902)
Effect of exchange rate changes on cash and cash equivalents	(2,357)	579
	-----	-----
Net increase (decrease) in cash and cash equivalents	30,375	(1,074)
Cash and cash equivalents at beginning of period	45,011	69,612
	-----	-----
Cash and cash equivalents at end of period	\$75,386	\$68,538
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S1 Corporation  
Consolidated Statements of Operations  
(In thousands)  
(Unaudited)  
TABLE 4

	Three Months Ended		Nine Months Ended	
	9/30/ 2008	9/30/ 2007	9/30/ 2008	9/30/ 2007
	-----	-----	-----	-----
Revenues:				
Software licenses	\$9,129	\$8,291	\$26,523	\$21,808
Support and maintenance	12,244	11,695	36,532	33,397
Professional services	24,905	19,426	69,632	60,539
Data center	12,080	11,647	36,268	35,077
Other	291	255	855	657
	-----	-----	-----	-----
Total revenues	58,649	51,314	169,810	151,478
	-----	-----	-----	-----
Operating expenses:				
Cost of software licenses	927	975	2,997	2,807
Cost of professional services, support and maintenance *	19,405	16,999	54,888	49,723
Cost of data center *	6,639	6,333	19,597	18,522
Cost of other revenue	132	34	241	306

Selling and marketing *	8,360	7,978	25,919	23,143
Product development *	7,658	6,357	21,440	18,267
General and administrative *	6,094	6,339	18,912	20,748
Depreciation	1,974	1,611	5,837	5,182
Amortization of other intangible assets	283	282	848	892
Total operating expenses	51,472	46,908	150,679	139,590
Operating income	7,177	4,406	19,131	11,888
Interest and other income, net	296	855	714	2,510
Income tax expense	(1,282)	(113)	(3,328)	(1,334)
Net income	\$6,191	\$5,148	\$16,517	\$13,064
Reconciliation to Adjusted EBITDA:				
Net income	\$6,191	\$5,148	\$16,517	\$13,064
Interest and other income, net	(296)	(855)	(714)	(2,510)
Income tax expense	1,282	113	3,328	1,334
Depreciation	1,974	1,611	5,837	5,182
Amortization	943	948	2,915	3,042
Stock based compensation expense	412	2,889	4,605	7,902
Adjusted EBITDA	\$10,506	\$9,854	\$32,488	\$28,014

\* Includes stock based compensation expense of:

Cost of professional services, support and maintenance	\$31	\$180	\$104	\$458
Cost of data center	29	12	76	47
Selling and marketing	(5)	1,478	1,601	3,892
Product development	15	644	599	1,651
General and administrative	342	575	2,225	1,854
	\$412	\$2,889	\$4,605	\$7,902

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

	Three Months Ended		Nine Months Ended	
	9/30/2008	9/30/2007	9/30/2008	9/30/2007
Revenues:				
Software licenses	\$1,620	\$1,774	\$5,462	\$4,116
Support and maintenance	4,192	4,030	12,412	11,418
Professional services	19,737	15,709	54,932	48,485
Data center	7,107	6,301	21,077	18,095
Other	250	152	583	465
Total revenues	32,906	27,966	94,466	82,579
Operating expenses:				
Cost of software licenses	236	318	977	977
Cost of professional services, support and maintenance *	11,696	10,015	33,285	30,586
Cost of data center *	3,911	3,638	11,591	10,652
Cost of other revenue	122	-	175	66
Selling and marketing *	3,643	3,085	11,614	9,814
Product development *	4,584	3,127	13,154	9,107
General and administrative *	3,202	3,707	10,141	11,465
Depreciation	1,127	1,016	3,392	3,377
Amortization of other intangible assets	-	-	-	45
Total operating expenses	28,521	24,906	84,329	76,089
Operating income	\$4,385	\$3,060	\$10,137	\$6,490

Reconciliation to Adjusted EBITDA:				
Operating income	\$4,385	\$3,060	\$10,137	\$6,490
Depreciation	1,127	1,016	3,392	3,377
Amortization	62	127	269	536
Stock based compensation expense	214	1,634	2,934	4,425
Adjusted EBITDA	\$5,788	\$5,837	\$16,732	\$14,828

\* Includes stock based compensation expense of:

Cost of professional services, support and maintenance	\$51	\$159	\$89	\$395
Cost of data center	7	7	30	35
Selling and marketing	(36)	788	1,092	2,063
Product development	(29)	367	478	926
General and administrative	221	313	1,245	1,006
	\$214	\$1,634	\$2,934	\$4,425

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

	Three Months Ended		Nine Months Ended	
	9/30/2008	9/30/2007	9/30/2008	9/30/2007
Revenues:				
Software licenses	\$7,509	\$6,517	\$21,061	\$17,692
Support and maintenance	8,052	7,665	24,120	21,979
Professional services	5,168	3,717	14,700	12,054
Data center	4,973	5,346	15,191	16,982
Other	41	103	272	192
Total revenues	25,743	23,348	75,344	68,899
Operating expenses:				
Cost of software licenses	691	657	2,020	1,830
Cost of professional services, support and maintenance *	7,709	6,984	21,603	19,137
Cost of data center *	2,728	2,695	8,006	7,870
Cost of other revenue	10	34	66	240
Selling and marketing *	4,717	4,893	14,305	13,329
Product development *	3,074	3,230	8,286	9,160
General and administrative *	2,892	2,632	8,771	9,283
Depreciation	847	595	2,445	1,805
Amortization of other intangible assets	283	282	848	847
Total operating expenses	22,951	22,002	66,350	63,501
Operating income	\$2,792	\$1,346	\$8,994	\$5,398
Reconciliation to Adjusted EBITDA:				
Operating income	\$2,792	\$1,346	\$8,994	\$5,398
Depreciation	847	595	2,445	1,805
Amortization	881	821	2,646	2,506
Stock based compensation expense	198	1,255	1,671	3,477
Adjusted EBITDA	\$4,718	\$4,017	\$15,756	\$13,186

\* Includes stock based compensation expense of:

Cost of professional services, support and maintenance	\$(20)	\$21	\$15	\$63
Cost of data center	22	5	46	12
Selling and marketing	31	690	509	1,829
Product development	44	277	121	725

General and administrative

121	262	980	848
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\$198	\$1,255	\$1,671	\$3,477
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SOURCE S1 Corporation