

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

\_\_\_\_\_  
In re CARREKER CORPORATION  
SECURITIES LITIGATION  
\_\_\_\_\_

X  
: Civil Action No. 3:03-CV-0250-B  
:  
X

**NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION**

**If you bought Carreker common stock between  
July 30, 1999 and December 10, 2002 (inclusive),  
you could get a payment from a class action settlement.**

*A federal court authorized this notice. This is not a solicitation from a lawyer.*

- The settlement will provide \$5.25 million in cash, plus interest, to pay claims from investors who suffered damages from buying Carreker common stock between July 30, 1999 and December 10, 2002 (inclusive). The settlement represents an average recovery of 31.6¢ per share (based on the estimated number of damaged shares under the plan of allocation). This average is an estimate and is before deduction of any Court approved fees and expenses. See Question 8 below for a more detailed explanation.
- Attorneys for the Lead Plaintiffs have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. Plaintiffs' Counsel intend to ask the Court to award them fees up to 30% of the settlement and reimbursement of litigation expenses not to exceed \$140,000. Plaintiffs' Counsel also intend to ask the Court to reimburse Lead Plaintiffs for their time devoted to this litigation in an amount not to exceed \$8,000. Collectively, the fees and expenses are estimated to average 10.4¢ per share. If approved by the Court, these amounts will be paid from the Settlement Fund. Therefore, the approximate recovery, after deduction of attorneys' fees and expenses approved by the Court, is an average of 21.2¢ per share. This is an estimate. Your actual recovery, if any, may vary depending on the dates and prices of your purchases or sales of Carreker stock and the number of Proof of Claim forms that are filed. See Question 8 below for a more detailed explanation.
- The settlement resolves a lawsuit concerning whether Carreker and three of its principal officers misled investors about the Company's financial results. Defendants deny the allegations in the lawsuit. The parties disagree on the liability and damage issues. See Question 4 below for a more detailed explanation.
- Your legal rights are affected whether you act, or don't act. Read this notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants about the legal claims in this case.
<b>OBJECT BUT REMAIN IN THE SETTLEMENT</b>	Write to the Court about why you don't like the settlement.
<b>GO TO A HEARING</b>	The August 16, 2006 Hearing is open to the public. To speak in Court in support of any objection you may have filed, you will need to give advance written notice to the Court and the parties.
<b>DO NOTHING</b>	Get no payment. Give up rights.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals are resolved and claims are processed. Please be patient.
- Further information regarding this Settlement may be obtained by contacting Plaintiffs' Lead Counsel: Sherrie R. Savett or Casey M. Preston, Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA, 19103-6365, Telephone: 215-875-3000.

## WHAT THIS NOTICE CONTAINS

<b>BASIC INFORMATION</b> .....	PAGE 3
1. Why did I get this Notice package?	
2. What is this lawsuit about?	
3. Why is this a class action?	
4. Why is there a settlement?	
<b>WHO IS IN THE SETTLEMENT</b> .....	PAGE 4
5. How do I know if I am part of the settlement?	
6. Are there exceptions to being included?	
7. I'm still not sure if I am included.	
<b>THE SETTLEMENT BENEFITS—WHAT YOU GET</b> .....	PAGE 4
8. What does the settlement provide?	
<b>HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM</b> .....	PAGE 5
9. How can I get a payment?	
10. When would I get my payment?	
11. What am I giving up to get a payment or stay in the Class?	
<b>EXCLUDING YOURSELF FROM THE SETTLEMENT</b> .....	PAGE 6
12. How do I get out of the settlement?	
13. If I do not exclude myself, can I sue Defendants for the same thing later?	
14. If I exclude myself, can I get money from this settlement?	
<b>THE LAWYERS REPRESENTING YOU</b> .....	PAGE 6
15. Do I have a lawyer in this case?	
16. How will the lawyers be paid?	
<b>OBJECTING TO THE SETTLEMENT</b> .....	PAGE 7
17. How do I tell the Court that I do not like the settlement?	
18. What is the difference between objecting and excluding?	
<b>THE COURT'S FAIRNESS HEARING</b> .....	PAGE 7
19. When and where will the Court decide whether to approve the settlement?	
20. Do I have to come to the hearing?	
21. May I speak at the hearing?	
<b>IF YOU DO NOTHING</b> .....	PAGE 8
22. What happens if I do nothing at all?	
<b>GETTING MORE INFORMATION</b> .....	PAGE 8
23. How do I get more information about the Settlement?	
24. How do I obtain more information about the separate settlement involving Carreker shares purchased between July 30, 1999 and December 10, 2002?	
<b>UNDERSTANDING YOUR PAYMENT—THE PLAN OF ALLOCATION</b> .....	PAGE 8
<b>SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES</b> .....	PAGE 10

## BASIC INFORMATION

### 1. Why did I get this Notice package?

You or someone in your family may have purchased shares of Carreker Corporation common stock (“Carreker stock”) between July 30, 1999 and December 10, 2002 (inclusive). The Court in charge of the case is the United States District Court for the Northern District of Texas and the case is known as *In re Carreker Corporation Securities Litigation*, Civil Action No. 3:03-CV-0250-B. U.S. District Judge Jane J. Boyle is in charge of this class action. The people who sued are called Plaintiffs, and the company and individuals they sue—Carreker Corporation, John D. Carreker, Jr., Ronald Antinori, and Terry L. Gage—are called Defendants.

The Court sent you this notice because you have a right to know about a proposed settlement of this class action lawsuit and about all of your options, before the Court decides whether to approve the settlement. If the Court approves the settlement and resolves any objections to the settlement submitted by Class Members, as explained below, or appeals, then an administrator appointed by the Court will process the claims received and distribute the payments to Class Members with valid claims. You can track the progress of the settlement by visiting: [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com).

This package explains the lawsuit, the settlement, your legal rights, the benefits that are available, who is eligible for them, and how to obtain them.

### 2. What is this lawsuit about?

The lawsuit claims that Defendants misled investors by misrepresenting Carreker’s financial condition. Specifically, the lawsuit claims that Defendants issued press releases and financial statements that misrepresented the Company’s revenue and earnings. The lawsuit claims that as a result of these false and misleading statements, the value of Carreker stock was inflated, and that investors who purchased Carreker stock at these inflated prices were damaged. Defendants deny they did anything wrong.

### 3. Why is this a class action?

In a class action, one or more persons or entities called Class Representatives sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to as a Class, or individually, as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

### 4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, Plaintiffs and Defendants have agreed to settle the lawsuit. Plaintiffs have agreed to settle the lawsuit based on the facts they have discovered during the litigation, the risks that will be involved in a trial, and their conclusions that the proposed settlement is fair, reasonable and adequate, and serves the best interests of the Class Members. Counsel for Plaintiffs have determined that by settling, they avoid the cost and risks of a trial, while at the same time providing substantial compensation to the Class. The Class Representatives and the Counsel for the Class believe that the settlement is best for all Class Members.

Lead Plaintiffs and Defendants do not agree regarding the merits of Plaintiffs’ allegations. The issues on which the parties disagree include: (1) whether Defendants made any false and misleading statements; (2) whether the statements made were false, material or otherwise actionable under the federal securities laws; (3) whether Defendants made the statements with the requisite intent; (4) the appropriate economic model for determining the amount by which Carreker stock was allegedly artificially inflated (if at all) during the Class Period; (5) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading (if at all) influenced and artificially inflated (if at all) the trading price of Carreker stock at various times during the Class Period; and (6) the extent to which external factors, such as general market conditions, influenced the trading price of Carreker stock at various times during the Class Period.

While Plaintiffs’ Counsel were prepared to go to trial and were confident in the merits of their case, they recognize that a trial is a risky proposition and that Plaintiffs and the Class may not have prevailed on all of their claims. In addition, Plaintiffs’ Counsel believe that this Settlement provides a substantial recovery to the Class and believe that they may not have obtained a greater recovery even if they had gone to trial. Throughout the settlement negotiations, Defendants continued to deny liability and denied that Plaintiffs and the Class were damaged. This dispute regarding damages would be subject to expert testimony, and therefore, it would be impossible to predict with certainty which side’s arguments would find favor with the jury. As a result, in a trial,

Plaintiffs could have recovered nothing or substantially less than the amount of the Settlement. Further, even assuming that Plaintiffs could have won at trial, any verdict would inevitably be the subject of appeal, and the Class' recovery would have remained uncertain and been further delayed.

## WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

### 5. How do I know if I am part of the settlement?

Judge Boyle decided that everyone who fits the following description is a Class Member:

All persons who purchased Carreker common stock from July 30, 1999 through December 10, 2002, inclusive.

### 6. Are there exceptions to being included?

You are not a Class Member if you are a Defendant in this lawsuit. The Class also excludes members of the immediate family of each of the Defendants, any entity in which any Defendant has a controlling interest, and the heirs of any such excluded person. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class. If one of your mutual funds owns Carreker stock, that alone does not make you a Class Member. You are a Class Member only if you purchased Carreker stock. Contact your broker to see if you own or held Carreker stock.

To be a Class Member, you must have purchased Carreker stock during the Class Period.

### 7. I'm still not sure if I am included.

If you are still not sure whether you are included in the Class, you can ask for free help, by calling 1-800-252-5745 for more information. Alternatively, you can fill out and return the claim form attached to this Notice to see if you qualify.

## THE SETTLEMENT BENEFITS—WHAT YOU GET

### 8. What does the settlement provide?

On March 7, 2006, the parties in the lawsuit arrived at a proposed settlement of the lawsuit and signed a Memorandum of Understanding. The parties' agreement, by itself, is not sufficient — for the settlement to be official, the proposed settlement requires the Judge's approval. The terms of the proposed settlement are summarized below, and the full settlement terms are contained in a Stipulation of Settlement ("Stipulation") dated April 21, 2006. You can obtain a copy of the Stipulation by writing to Plaintiffs' Counsel: Sherrie R. Savett or Casey M. Preston, Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103, or by visiting: [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com).

#### a. What is the Settlement Fund?

The proposed settlement calls for Defendants to create a settlement fund in the amount of \$5.25 million in cash. This \$5.25 million has been deposited into an interest bearing account, the "Gross Settlement Fund." It is estimated that approximately 16.6 million shares of Carreker stock were damaged during the Class Period. Thus, Class Counsel estimate that the \$5.25 million recovery represents an average recovery of 31.6¢ per share. This average recovery is only an estimate and can vary as explained below.

Subject to the Court's approval, a portion of the Gross Settlement Fund also will be used to pay Plaintiffs' attorneys' fees and reasonable litigation expenses as well as to reimburse Lead Plaintiffs for their time devoted to the prosecution of this case. See Question 16 below for a more detailed explanation. A portion of the Gross Settlement Fund will also be used to pay taxes due on interest earned by the Gross Settlement Fund and any notice and claims administration expenses permitted by the Court or the Stipulation. After the foregoing deductions from the Gross Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

#### b. What can you expect to receive under the proposed settlement?

Your share of the Net Settlement Fund will depend on: (1) the number of claims filed; (2) when during the Class Period you purchased Carreker stock; (3) whether you sold your Carreker stock during the Class Period, or held your Carreker stock past the end of the Class Period; (4) the amount of administrative costs, including the costs of notice; and (5) the amount awarded by the Court for attorneys' fees, costs and

expenses. By following the Plan of Allocation at the end of this notice, you can calculate your “Recognized Loss.” The Claims Administrator will distribute the Net Settlement Fund, according to the Plan of Allocation, after the deadline for submission of Proof of Claim and Release forms has passed and all claims have been processed. The percentage of the Recognized Loss that is distributed will be determined by dividing the Net Settlement Fund by the total Recognized Losses of all Authorized Claimants. See Plan of Allocation below.

## **HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM**

### **9. How can I get a payment?**

To qualify for payment, you must send in a Proof of Claim and Release form. This claim form is attached to this Notice. You may also download a claim form from [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com). Read the instructions carefully, fill out the form, sign it in the location indicated, include all the documents the form asks for and mail the claim form and documentation, postmarked no later than October 2, 2006 to:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

The Claims Administrator will process your claim and advise you if you are an “Authorized Claimant”—meaning that your claim satisfies the requirements approved by the Court.

### **10. When would I receive my payment?**

The Court will hold a hearing on August 16, 2006, to decide whether to approve the Settlement. Even if Judge Boyle approves the Settlement, there may be appeals that would delay the implementation of the Settlement. It’s always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. After the approval, and the resolution of any appeals, the Claims Administrator must process all of the claim forms. Everyone who sends in a claim form will be informed of the approval or disapproval of their claim. Please be patient. You can also track the progress of the settlement by visiting: [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com).

### **11. What am I giving up to get a payment or stay in the Class?**

Unless you exclude yourself, you will remain in the Class. That means that if the settlement is approved, you and all Class Members will release (can’t sue, continue to sue, or be part of any other lawsuit) all “Released Claims” against Defendants and the “Released Parties.” It also means that all of the Court’s orders will apply to you and legally bind you. Please see the definitions of all of the terms that are in quotations below. If you sign the claim form, you are agreeing to a “Release of Claims,” attached to the claim form, which describes exactly the legal claims that you give up if you receive settlement benefits. But even if you do not sign a claim form, unless you exclude yourself, you will release all “Released Claims” against Defendants and the “Released Parties.”

“Released Parties” means Carreker Corporation, John D. Carreker, Jr., Ronald Antinori and Terry L. Gage (collectively, the “Defendants”) and each of these Defendants’ past or present directors, officers, employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, solicitors, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which any Defendant has a controlling interest, any members of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant, and/or member(s) of any Defendant’s family.

“Released Claims” means any and all claims, demands, rights, liabilities and causes of action, known or unknown (as defined below), asserted or that might have been asserted by Lead Plaintiffs or any Class Member against the Released Parties, arising out of, based upon or in any way related to, directly or indirectly, their purchase of Carreker stock during the Class Period and/or any of the facts or circumstances alleged in the Amended Complaint.

“Unknown Claims” means any and all Released Claims which the Lead Plaintiffs or Class Members do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which, if known by him, her, or it might have affected his, her or its decision(s) with respect to the Release of Claims. The Lead Plaintiffs and the Class expressly waive any and all provisions, rights, and benefits conferred by any law of any

state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want to receive a payment from this settlement, and you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in this case, then you must take steps to get out of the Settlement. This is called excluding yourself or is sometimes referred to as opting out of the Class.

#### **12. How do I get out of the settlement?**

To exclude yourself from the settlement, you must send a letter by mail stating that you want to be excluded from *In re Carreker Corporation Securities Litigation*, Civil Action No. 3:03-CV-0250-B. Be sure to include your name, address, telephone number, and your signature, along with your purchases and/or sales in Carreker stock in order to indicate your membership in the Class. You must mail your exclusion request postmarked no later than July 17, 2006 to:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

You can't exclude yourself over the phone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Defendants in the future.

#### **13. If I do not exclude myself, can I sue Defendants for the same thing later?**

Unless you exclude yourself, you give up any right to sue Defendants or the Released Parties for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is July 17, 2006.

#### **14. If I exclude myself, can I receive money from this settlement?**

No. If you exclude yourself, do not send in a claim form to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against Defendants.

### **THE LAWYERS REPRESENTING YOU**

#### **15. Do I have a lawyer in this case?**

The Court approved the law firm of Berger & Montague, P.C. to represent you and the other Class Members. The lawyers of this firm are called Plaintiffs' Counsel or Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### **16. How will the lawyers be paid?**

Plaintiffs' Counsel have expended considerable time litigating this Action on a contingent fee basis, and have advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Therefore, Plaintiffs' Counsel will file a motion asking the Court at the Fairness Hearing (see Question 19 below) to make an award of attorneys' fees in an amount not to exceed 30% of the Gross Settlement Fund and for reimbursement of litigation expenses in an amount not to exceed \$140,000. The requested fees and expenses are estimated to be an average of 10.4¢ per share. (These averages are estimates based on approximately 16.6 million shares of Carreker stock that are estimated to have been purchased at artificially inflated prices during the Class Period.) The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Gross Settlement Fund.

## OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement, any part of the settlement, or the motion for attorneys' fees.

### 17. How do I tell the Court that I do not like the settlement?

If you are a Class Member, you can object to the settlement if you do not like any part of it. You can state why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter stating that you object to the Settlement in *In re Carreker Corporation Securities Litigation*, Civil Action No. 3:03-CV-0250-B. Be sure to include your name, address, telephone number, your signature, your purchases and/or sales of Carreker stock in order to indicate your membership in the Class and all of the reasons for your objection to the settlement. Be sure to mail the objection to the three different places stated below, postmarked no later than August 2, 2006.

COURT	CLASS COUNSEL	DEFENSE COUNSEL
United States District Clerk United States District Court for the Northern District of Texas 1100 Commerce Room 1452 Dallas, TX 75242	Sherrie R. Savett, Esquire Berger & Montague, P.C. 1622 Locust Street Philadelphia, PA 19103	Michael J. Biles, Esquire Akin Gump Strauss Hauer & Feld, LLP 300 W. Sixth Street Suite 2100 Austin, TX 78701

### 18. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

#### THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak.

### 19. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at 2:00 p.m. on August 16, 2006, at the United States District Court for the Northern District of Texas, 1100 Commerce, Dallas, Texas 75242. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Boyle will listen to people (or their counsel) who have submitted a written objection and written indication of their intent to appear and speak at the Hearing, postmarked no later than August 2, 2006, and mailed to the three different places listed in the chart following Question 17 above. The Court may also decide how much to pay Plaintiffs' Counsel for attorneys' fees and expenses. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

### 20. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Boyle may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also attend or pay your own lawyer to attend to speak in support of any objection you may have filed, but it is not necessary. You may do so as long as you have followed the instructions set forth in the answer to Question 21.

### 21. May I speak at the hearing?

If you have submitted a written objection to the settlement or to the motion of Plaintiffs' Counsel for attorneys' fees and expenses and you follow the instructions set out in response to Questions 17 and 19 above, you (or your counsel) may speak at the Fairness Hearing in support of your objection. To do so, along with your written objection, you must send a letter saying that it is your "Notice of Intention to Appear in *In re Carreker Corporation Securities Litigation*, Civil Action No. 3:03-CV-0250-B." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than August 2, 2006, and be sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the addresses listed in Question 17. You cannot speak at the hearing if you exclude yourself.

## IF YOU DO NOTHING

### 22. What happens if I do nothing at all?

If you do nothing, you will not receive any money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants or the Released Parties about the legal issues in this case, ever again.

## GETTING MORE INFORMATION

### 23. How do I obtain more information about the Settlement?

You can: (1) call the Claims Administrator toll free at 1-800-252-5745; (2) visit the Claims Administrator's website at [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com), where you will find answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment; or (3) write to:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

## UNDERSTANDING YOUR PAYMENT—THE PLAN OF ALLOCATION

**(You do not need to make any of these calculations yourself. The Claims Administrator will make all of these calculations for you.)**

1. The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this "Plan of Allocation." The amount so allocated to each Authorized Claimant constitutes and is referred to herein as the Authorized Claimant's "Payable Claim." The Plan of Allocation is based upon Plaintiffs' Counsel's assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the members of the Class. In developing this Plan of Allocation, Class Counsel has considered, among other things, the following:
  - (a) The Class Period of nearly 41 months included a period of volatility in both the market in general and the price of Carreker stock in particular. Moreover, Plaintiffs' complaint asserts that the first disclosure of the alleged misrepresentations and omissions occurred on December 10, 2002.
  - (b) On December 10, 2002, Carreker issued a press release announcing: (i) that a Special Committee of independent board members was reviewing all of the Company's previously reported financial results, principally focusing on the timing of recognition of revenue during prior periods; (ii) that the review had uncovered timing issues that could cause some revenue to be shifted to subsequent sequential periods from the periods in which the revenue was reported; (iii) that the Company may be required to restate its financial statements for prior periods and that its historical financial statements should not be relied upon; and (iv) that it was postponing its release of third quarter 2002 financial results.
  - (c) Prior to the issuance of this press release the price of Carreker stock closed at \$5.08 per share on December 9, 2002. Following the issuance of this release, the price of Carreker stock fell to close at \$3.93 per share on December 10, 2002 on unusually heavy volume of nearly 2 million shares. On December 11, 2002, the price of Carreker stock rebounded somewhat to close at \$4.15 per share on heavy volume of over 1 million shares. Over the 2-day period from December 10 to 11, 2002, the average closing price of Carreker stock was \$4.04 per share – a decline of \$1.04 per share from its closing price of \$5.08 prior to this press release.
  - (d) Under certain Supreme Court and other precedents, persons who purchased Carreker stock may only recover for losses proximately caused by Defendants' prior misleading statements and may not recover for any price declines caused by general market or industry factors or by disclosures of other negative information not alleged to have corrected prior misstatements.
2. An Authorized Claimant's recognized loss ("Recognized Loss") is determined by the date(s) the Authorized Claimant purchased or sold any shares of Carreker stock during the July 30, 1999 through December 10, 2002 Class Period, as set forth below.
  - (a) For shares of Carreker stock sold at a profit at any time during the Class Period, the Recognized Loss is zero;
  - (b) For shares of Carreker stock sold at a loss prior to December 10, 2002, the Recognized Loss is zero; and

- (c) For shares of Carreker stock sold at a loss on December 10, 2002 or retained past the close of trading on December 10, 2002, the Recognized Loss is the smaller of either: (i) \$1.04 per share or (ii) the difference between the purchase price paid for the Carreker shares and \$4.04 per share, whichever produces the smaller Recognized Loss amount.
  - (d) For purposes of determining which shares of Carreker's stock purchased during the Class Period either were sold at any time during the Class Period or were retained past December 9, 2002 or December 10, 2002, purchases and sales of Carreker's stock will be matched, on a "first-in, first-out" ("FIFO") basis, by matching the first shares sold against any closing position of shares held as of July 29, 1999 (prior to the start of the Class Period) and then on a FIFO basis against any additional shares of Carreker stock purchased during the Class Period on the basis of the assumption that the first share purchased was the first share sold.
  - (e) The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement date."
  - (f) The restrictions on computing Recognized Losses set out in the 3 bullet points below apply to all claims. As a practical matter, however, they apply primarily to certain transactions engaged in by sophisticated traders or certain corporate or institutional Claimants:
    - "Short" sales will not be recognized for any amount of loss on the cover or purchase transaction, and no Recognized Loss will be computed for any such covering purchase transaction.
    - No Recognized Loss will be computed for any transactions in shares of Carreker stock engaged in by market makers.
    - No Recognized Loss will be computed for any option premium paid or received portion where the shares of Carreker stock were purchased or sold by reason of having exercised or been assigned an option.
3. An Authorized Claimant's "Payable Claim" represents a percentage of the Authorized Claimant's total Recognized Loss. This percentage is determined by dividing the Net Settlement Fund by the total Recognized Loss sustained by all Authorized Claimants. The resulting fraction, or payout percentage, is then multiplied by each Authorized Claimant's Recognized Loss to determine the amount of each Claimant's Payable Claim, subject to the further limitations below.
  4. In the interest of economy, no payment will be made to any Authorized Claimant whose Payable Claim would be less than \$10 based on the initial allocation of the Net Settlement Fund to the Authorized Claimants.
  5. If you inherited or received a gift of Carreker stock during the Class Period, that inheritance or gift is not considered a purchase of Carreker stock unless your ancestor or donor was the actual purchaser of Carreker stock during the Class Period. You, as a recipient of a gift or inheritance, and the original purchaser may not both file a claim with regard to the same shares of Carreker stock. If both you and the donor (or you and your ancestor's estate) make such a claim, only the claim filed by the recipient (or heir) will be honored.
  6. Shares "transferred into", "delivered into" or "received into" the Claimant's account, will not be considered as a purchase of shares unless the Claimant submits documentation demonstrating that the original purchase of these shares occurred during the Class Period. Also, shares purchased and subsequently "transferred out" or "delivered out" of Claimant's account will not be considered part of Claimant's claim, as the right to file for those shares belongs to the person or party receiving the shares.
  7. Nothing in this Plan of Allocation represents an admission by any of the Defendants that there is liability or damage of any kind as a result of the allegations in the Complaint or that the dollar amounts set forth in this Plan of Allocation reflect actual or potential damages to the Class.
  8. Payment in the manner set forth above will be deemed conclusive compliance with the Stipulation as to all Authorized Claimants. All Class Members who fail to submit valid and timely Proofs of Claim will be barred from participating in the distribution of the Net Settlement Fund but otherwise will be bound by all of the terms of the Stipulation, including the terms of any final orders or judgments entered and the releases given to Defendants and others.
  9. No Authorized Claimant will have any claim against Plaintiffs, Plaintiffs' Counsel or the Claims Administrator, or any other agent designated by Plaintiffs' Counsel based on the distributions made substantially in accordance with the Stipulation, the Plan of Allocation, and further orders of Court. In addition, in the interest of achieving substantial justice, Plaintiffs' Counsel will have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased Carreker common stock during the Class Period as nominee for a beneficial owner, then within ten (10) days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim and Release form by first-class mail to all such beneficial owners; or (b) provide a list, electronically if possible, of the names and addresses of such beneficial owners to the Claims Administrator:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

If you chose option (a) above, you may request enough forms from the Claims Administrator (at no charge) to complete your mailing. You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of the Court. All communications concerning this matter should be addressed to the Claims Administrator.

**INQUIRIES**

All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class Members should be directed to the Claims Administrator listed above.

**PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE**

DATED: June 2, 2006

BY ORDER OF THE DISTRICT COURT:

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The Honorable Jane J. Boyle  
United States District Judge

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

\_\_\_\_\_  
In re CARREKER CORPORATION  
SECURITIES LITIGATION  
\_\_\_\_\_

X  
: Civil Action No. 3:03-CV-0250-B  
:  
X

**PROOF OF CLAIM AND RELEASE**

**DEADLINE FOR SUBMISSION: OCTOBER 2, 2006.**

IF YOU PURCHASED SHARES OF CARREKER CORPORATION ("CARREKER") COMMON STOCK DURING THE PERIOD BETWEEN JULY 30, 1999 AND DECEMBER 10, 2002, INCLUSIVE (THE "CLASS PERIOD"), YOU ARE A "CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. (EXCLUDED FROM THE SETTLEMENT CLASS ARE DEFENDANTS AND MEMBERS OF THEIR IMMEDIATE FAMILIES, ANY ENTITY IN WHICH ANY DEFENDANT HAS OR HAD A CONTROLLING INTEREST, ANY TRUST FOR WHICH ANY OF THE DEFENDANTS OR MEMBERS OF THEIR IMMEDIATE FAMILIES IS THE SETTLOR OR WHICH IS FOR THE BENEFIT OF ANY OF THE DEFENDANTS OR MEMBERS OF THEIR IMMEDIATE FAMILIES, CURRENT AND FORMER DIRECTORS AND OFFICERS OF CARREKER AND MEMBERS OF THEIR IMMEDIATE FAMILIES, AND THE LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS OF ANY SUCH EXCLUDED PERSON.)

**I. GENERAL INSTRUCTIONS**

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND ON PAGE 5 HEREOF, SIGN AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS. SUBMISSION OF THIS PROOF OF CLAIM AND RELEASE, HOWEVER, DOES NOT ASSURE THAT YOU WILL SHARE IN THE PROCEEDS FROM SETTLEMENT OF THE LITIGATION.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN OCTOBER 2, 2006 TO THE FOLLOWING ADDRESS:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

YOUR FAILURE TO SUBMIT YOUR CLAIM BY OCTOBER 2, 2006 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS LITIGATION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

IF YOU FAIL TO FILE A PROPERLY ADDRESSED PROOF OF CLAIM AND RELEASE, YOUR CLAIM MAY BE REJECTED AND YOU WILL BE PRECLUDED FROM ANY RECOVERY FROM THE SETTLEMENT FUND CREATED IN CONNECTION WITH THE PROPOSED SETTLEMENT OF THE LITIGATION.

IF YOU ARE NOT A MEMBER OF THE CLASS (AS DEFINED IN THE "NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION") **DO NOT** SUBMIT A PROOF OF CLAIM AND RELEASE FORM.

IF YOU ARE A MEMBER OF THE CLASS AND YOU DID NOT TIMELY REQUEST EXCLUSION IN CONNECTION WITH THE PROPOSED SETTLEMENT, YOU ARE BOUND BY THE TERMS OF ANY JUDGMENT ENTERED IN THE LITIGATION, INCLUDING THE RELEASES PROVIDED THEREIN, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE.

**II. CLAIMANT INFORMATION**

1. If you purchased Carreker common stock between July 30, 1999 and December 10, 2002, inclusive, and held the certificates in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased Carreker common stock and the certificate(s) are registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use the form entitled "Claimant Identification" to identify each purchaser of record ("nominee"), if different from the beneficial purchaser of Carreker stock which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S), OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S), OF THE CARREKER STOCK UPON WHICH THE CLAIM IS BASED.**

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this claim on behalf of persons represented by them, and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

4. Carreker stock “transferred into,” “delivered into” or “received into” the Claimant’s account will NOT be considered as purchased Carreker stock unless Claimant submits documents supporting that the original purchase of the Carreker stock occurred during the Class Period. Also, Carreker stock purchased and subsequently “transferred out” or “delivered out” of Claimant’s account will NOT be considered part of Claimant’s claim, as the right to file for those Carreker stock belongs to the person receiving the Carreker stock.

### **III. CLAIM FORM**

1. Use the form entitled “Schedule of Transactions in Carreker Common Stock” to supply all required details of your transaction(s) in Carreker stock. If you need more space or additional schedules, attach separate sheets giving all the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to all of your purchases and all of your sales of Carreker common stock which took place at any time beginning July 30, 1999 through and including December 10, 2002, whether such transaction resulted in a profit or a loss. Failure to report all such transactions may result in rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. The date of covering a “short sale” is deemed to be the date of purchase of Carreker stock. The date of a “short sale” is deemed to be the date of sale of Carreker stock. “Short” sales will not be recognized for any amount of loss on the cover or purchase transaction, and no Recognized Loss will be computed for any such covering purchase transaction.

### **IV. REPRESENTATIONS**

1. I purchased the common stock of Carreker between July 30, 1999 and December 10, 2002, inclusive. (Do not submit this Proof of Claim and Release if you did not purchase Carreker common stock during this period.)

2. By submitting this Proof of Claim and Release, I state that I believe in good faith that I am a Settlement Class Member as defined above and in the Notice of Pendency and Settlement of Class Action (the “Settlement Notice”), or am acting for such person; that I am not a Defendant in the Action or anyone excluded from the Settlement Class; that I have read and understand the Settlement Notice; that I believe that I am entitled to receive a share of the Net Settlement Fund; that I elect to participate in the proposed Settlement described in the Settlement Notice; and that I have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member (e.g., as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Settlement Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I have set forth where requested below all relevant information with respect to each purchase of Carreker common stock during the Settlement Class Period, and each sale, if any, of such securities. I agree to furnish additional information (including transactions in other Carreker securities) to the Claims Administrator to support this claim if requested to do so.

4. I have enclosed photocopies of the stockbroker’s confirmation slips, stockbroker’s statements, relevant portions of my tax returns or other documents evidencing each purchase, acquisition, sale or retention of Carreker common stock listed below in support of my claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER OR TAX ADVISOR BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)

5. I understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your Payable Claim. In some cases the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives of the subject securities such as options.)

6. Upon the occurrence of the Effective Date (as defined in the Stipulation) my signature hereto will constitute a full and complete release, remise and discharge by me or, if I am submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by my, its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns of each of the “Released Parties” of all “Released Claims,” as defined in the Settlement Notice.

7. NOTICE REGARDING ELECTRONIC FILES: Certain Claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants MUST submit a manually signed paper Proof of Claim and Release form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at (800) 252-5745 or visit their website at [www.hrsclaimsadministration.com](http://www.hrsclaimsadministration.com) to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.



5. Substitute Form W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals):    -   -

or

Taxpayer Identification Number (for estates, trusts, corporations, etc.):   -

6. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGEMENT.

I submit this Proof of Claim and Release under the terms of the Stipulation of Settlement described in the Notice. I also submit to the jurisdiction of the United States District Court for the Northern District of Texas, with respect to my claim as a Class Member and for purposes of enforcing the release set forth herein. I further acknowledge that I am bound by and subject to the terms and any judgment that may be entered in the Litigation. I agree to furnish additional information to Plaintiff’s Lead Counsel or the Claims Administrator to support this claim (including transactions in other Carreker securities such as options) if requested to do so. I have not submitted any other claim covering the same purchases, acquisitions or sales of Carreker common stock during the Class Period and know of no other person having done so on my behalf.

7. Certification

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT AND COMPLETE.

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge all Released Claims against each and all of the Defendants and each and all of the “Released Parties,” meaning Carreker Corporation, John D. Carreker, Jr., Ronald Antinori and Terry L. Gage (collectively, the “Defendants”) and each of these Defendants’ past or present directors, officers, employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, solicitors, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which any Defendant has a controlling interest, any members of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant, and/or member(s) of any Defendant’s family.

I acknowledge and understand that the Released Claims include unknown claims – any and all Released Claims which the Lead Plaintiffs or Settlement Class Members do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which, if known by him, her, or it might have affected his, her or its decision(s) with respect to the Release of Claims. With respect to any and all Released Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs and Defendants shall expressly, and each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims was separately bargained for and was a material element of the Settlement.

(The I.R.S. does not require you consent to any provision of this document other than the certification required to avoid backup withholding.)

\_\_\_\_\_  
Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign)

\_\_\_\_\_  
(Signature)

Date \_\_\_\_\_

\_\_\_\_\_  
Capacity of Person(s) signing, e.g., Beneficial Purchaser, Executor or Administrator

THIS PROOF OF CLAIM AND RELEASE MUST BE SUBMITTED NO LATER THAN OCTOBER 2, 2006, AND MUST BE MAILED TO:

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

A Proof of Claim and Release received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by October 2, 2006, and if a postmark is indicated on the envelope and it is mailed first class, and addressed in accordance with the above instructions. In all other cases, a Proof of Claim and Release shall be deemed to have been submitted when actually received by the Claims Administrator.

If you wish to be assured that your Proof of Claim and Release is actually received by the Claims Administrator then you should send it by Certified Mail, Return Receipt Requested. No acknowledgment will be made as to the receipt of claim forms. Do not send original stock certificates. Keep a copy of your claim form for your records. You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and Release and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim and Release. Please notify the Claims Administrator of any change of address.

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Please sign the above Release and certification.
2. Remember to attach supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of your Proof of Claim and Release form for your records.
5. If you desire an acknowledgment of receipt of your Proof of Claim and Release form, please send it Certified Mail, Return Receipt Requested.
6. If you move after submitting your Proof of Claim and Release form, please send your new address to the Claims Administrator.

**UNLESS YOU EXCLUDE YOURSELF, YOU ARE AGREEING TO THE "RELEASE OF CLAIMS."**

Claims Administrator  
Carreker Corporation Securities Litigation  
Heffler, Radetich & Saitta L.L.P.  
P.O. Box 270  
Philadelphia, PA 19105-0270

**FIRST-CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**