

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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HENRY JACK & ASSOCIATES INC

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended June 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-14112

JACK HENRY AND ASSOCIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware

43-1128385

(State or Other Jurisdiction of Incorporation or
Organization)

(I.R.S. Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (417) 235-6652

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock (\$0.01 par value)	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

As of August 21, 2008, the Registrant had 86,071,862 shares of Common Stock outstanding (\$0.01 par value). On that date, the aggregate market value of the Common Stock held by persons other than those who may be deemed affiliates of Registrant was \$1,584,230,243 (based on the average of the reported high and low sales prices on NASDAQ on such date).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Notice of Annual Meeting of Stockholders and Proxy Statement for its 2008 Annual Meeting of Stockholders (the "Proxy Statement"), as described in the footnotes to the Table of Contents below, are incorporated by reference into Part II, Item 5 and into Part III of this Report.

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PART I

Item 1. Business

Jack Henry & Associates, Inc. ("JHA" or the "Company") was founded in 1976 as a provider of core information processing solutions for community banks. Today, the Company's extensive array of products and services includes processing transactions, automating business processes, and managing information for more than 8,800 financial institutions and diverse corporate entities.

JHA provides its products and services through three marketed brands.

- **Jack Henry Banking**
is a leading provider of integrated data processing systems to approximately 1,600 banks ranging from de novo or start-up institutions to mid-tier banks with assets in excess of \$10 billion. Our banking solutions support both in-house and outsourced operating environments with three functionally distinct core processing platforms and more than 100 integrated complementary solutions.
- **Symitar** is a leading provider of core data processing solutions for credit unions of all sizes, with more than 700 credit union customers. Symitar markets two functionally distinct core processing platforms and more than 50 integrated complementary solutions that support both in-house and outsourced operating environments.
- **ProfitStars**
is a leading provider of highly specialized products and services to financial institutions that are primarily not core customers of the Company. These specialized solutions can be used with a wide variety of information technology

platforms and operating environments. ProfitStars' offers solutions for generating revenue and growth opportunities, increasing security and mitigating operational risks, and controlling operating costs. ProfitStars' products and services enhance the performance of financial services organizations of all asset sizes and charters, and diverse corporate entities with more than 8,200 domestic and international customers.

Our products and services enable our customers to implement technology solutions that can be tailored to support their unique growth, service, operational, and performance goals. Our solutions also enable financial institutions to offer the high-demand products and services required to compete more successfully, and to capitalize on evolving trends shaping the financial services industry.

We are committed to meet and exceed our customers' service-related expectations. We measure and monitor customer satisfaction using formal annual surveys and online surveys initiated each year by routine support requests. The results of this extensive survey process confirm that our service consistently exceeds our customers' expectations and ultimately generate excellent customer retention rates.

We also focus on establishing long-term customer relationships, continually expanding and strengthening those relationships with cross sales of additional products and services, earning new traditional and nontraditional clients, and ensuring each product offering is highly competitive. Based on these strategic initiatives, targeted marketing and sales initiatives, and disciplined acquisition activities, our customer base has increased over 190 percent during the five-year period ranging from June 30, 2003 to June 30, 2008, growing from approximately 3,000 customers to more than 8,800 customers.

We have three primary revenue sources:

- Software license fees paid by customers implementing our software solutions in-house;
- Ongoing outsourcing fees paid by customers that outsource their information processing to us, recurring transaction processing fees, annual maintenance and support fees, and service fees that include software implementation; and
- Hardware sales that include all non-software products that we re-market in order to support our software systems.

JHA's gross revenue has grown from \$467.4 million in fiscal 2004 to \$742.9 million in fiscal 2008, representing a compound annual growth rate during this five-year period of 10

percent. Net income from continuing operations has grown from \$62.3 million to \$105.3 million during this same five-year period, representing a compound annual growth rate of 11 percent. Information regarding the classification of our business into separate segments serving the banking and credit union industries is set forth in Note 14 to the Consolidated Financial Statements (see Item 8).

JHA's progress and performance have been guided by the focused work ethic and fundamental ideals fostered by the company's founders three decades ago:

- Do the right thing,
- Do whatever it takes, and
- Have fun.

We recognize that our associates and their collective contribution are ultimately responsible for JHA's past, present, and future success. Recruiting and retaining high-quality employees is essential to our ongoing growth and financial performance, and we have established a corporate culture that sustains rewarding levels of employee satisfaction.

Industry Background

Jack Henry Banking primarily serves commercial banks and savings institutions with less than \$20.0 billion in assets, and generated approximately 83 percent of the Company's total revenue in fiscal 2008. According to the Federal Deposit Insurance Corporation ("FDIC"), there were more than 8,400 commercial banks and savings institutions in this asset range as of December 31, 2007. Jack Henry Banking currently supports more than 1,600 of these banks with its core information processing platforms and complementary products and services.

Symitar serves credit unions of all asset sizes, and generated approximately 17 percent of the Company's total revenue in fiscal 2008. According to the Credit Union National Association ("CUNA"), there were approximately 8,200 domestic credit unions as of

December 31, 2007. Symitar currently supports more than 700 of these credit unions with core information processing platforms and complementary products and services.

ProfitStars serves financial services organizations of all asset sizes and charters. The related revenue and gross profit are included and reported in our banking and credit union segments. ProfitStars currently supports approximately 8,200 institutions with specialized solutions for generating additional revenue and growth, increasing security, mitigating operational risks, and controlling operating costs.

The FDIC reports the number of commercial banks and savings institutions declined 9 percent from the beginning of calendar year 2003 to the end of calendar year 2007. Although the number of banks declined at a 2 percent compound annual rate during this period, aggregate assets increased at a

compound annual rate of 10 percent and totaled \$11.2 trillion as of December 31, 2007. Comparing calendar years 2007 to 2006, new bank charters decreased 7 percent and mergers decreased 6 percent.

CUNA reports the number of credit unions declined 16 percent from the beginning of calendar year 2003 to the end of calendar year 2007. Although the number of credit unions declined at a 4 percent compound annual rate during this period, aggregate assets increased at a

compound annual rate of 6 percent and totaled \$776.5 billion as of December 31, 2007.

According to *Automation in Banking 2008*, approximately 56 percent of all financial institutions currently utilize in-house core information processing solutions and approximately 44 percent outsource information processing to third-party providers. According to the *2008 Credit Union Technology Survey* published by Callahan & Associates, approximately 73 percent of all credit unions utilize in-house core information processing solutions and approximately 27 percent outsource information processing to third-party providers.

Community and mid-tier banks and credit unions are important in the communities and to the consumers they serve. Bank customers and credit union members rely on these institutions to provide personalized, relationship-based service and competitive financial products and services available through the customer's delivery channel of choice. Institutions are realizing that attracting and retaining customers/members in today's highly competitive financial industry and realizing near and long term performance goals are often technology-dependent. Financial institutions must implement technological solutions that enable them to:

- Maximize performance with accessible, accurate, and timely decision support and business intelligence information;
- Offer the high-demand products and services needed to aggressively and successfully compete with traditional competitors and the non-traditional competitors created by convergence within the financial services industry;
- Enhance the customer/member experience at varied points of contact;
- Expand existing customer/member relationships and strengthen exit barriers by cross selling additional products and services;
- Capitalize on new revenue and deposit growth opportunities;
- Increase operating efficiencies and reduce operating costs;
- Implement an e-commerce strategy that provides the convenience-driven services required in today's financial services industry;
- Protect mission-critical information assets and operational infrastructures;
- Protect customers/members from fraud and the related financial losses;
- Maximize the day-to-day use of technology and the return on technology investments; and
- Ensure full regulatory compliance.

JHA's extensive product and service offering enables diverse financial institutions to effectively capitalize on these business opportunities and respond to these business challenges. We strive to establish a long-term, value-added technology partnership with each customer, and to continually expand our offering with the specific solutions our customers need to prosper in the evolving financial services industry.

Mission Statement

JHA's mission is to protect and increase the value of its stockholders' investment by providing quality products and services to our customers by:

- Concentrating our activities on what we know best - information systems and services for financial institutions;
- Providing outstanding commitment and service to our customers so that the perceived value of our products and services is consistent with the real value; and
- Maintaining a work environment that is personally, professionally, and financially rewarding to our employees.

Business Strategy

Our fundamental business strategy is to generate organic revenue and earnings growth supplemented by strategic acquisitions. We execute this strategy by:

- Providing commercial banks and credit unions with core software systems that provide excellent functionality, and support in-house and outsourced operating environments with identical functionality.
- Expanding each core customer relationship by cross-selling complementary products and services that enhance the functionality provided by our core information processing systems.
- Maintaining a company-wide commitment to customer service that consistently exceeds our customers' expectations and generates rewarding levels of customer retention.
- Capitalizing on our focused diversification acquisition strategy.

Focused Diversification Acquisition Strategy

JHA's acquisition strategy, which complements and accelerates our organic growth, focuses on successful companies that provide in-demand products and services, excellent customer relationships, and strong management teams and employee bases.

Historically, our acquisition strategy focused on companies that:

- Expanded our base of core financial institution customers,
- Expanded our suite of complementary products and services that were cross sold almost exclusively to existing customers,
- Enabled our entry into adjacent markets within financial services industry; and/or
- Provided additional outsourcing capabilities/opportunities.

In 2004, we adopted our focused diversification acquisition strategy and began acquiring companies and highly specialized products that are:

- Sold to existing core customers;
- Sold outside JHA's base of core bank and credit union customers to financial services organizations of all charters and asset sizes;
- Selectively sold outside the financial services industry to diverse corporate entities; and
- Selectively sold internationally.

Since our focused diversification strategy was adopted, JHA has completed 16 acquisitions that support it and assembled three distinct product suites that enable users to:

- Generate additional revenue and growth opportunities,
- Increase security and mitigate operational risks, and /or

- Control operating costs.

These products and services enable us to expand our reach well beyond our traditional markets with solutions that are appropriate for virtually any financial services organization, including thousands of institutions that we previously did not sell to.

Most of the acquired companies and their respective products and services have been consolidated into our ProfitStars brand. Today, ProfitStars' products and services collectively represent more than 8,200 domestic and international implementations.

Following are some of the acquisitions that have been made in the last five fiscal years to support JHA's focused diversification:

Fiscal Year	Company or Product Name	Products and Services
2008	AudioTel	Check and document imaging and electronic banking
2008	Gladiator Technology	Information Technology Security Services
2007	Margin Maximizer	Loan and Deposit Pricing Solutions
2006	ProfitStar	Asset/Liability Management, Budgeting and Profitability
2005	Tangent Analytics	Business Intelligence Solutions
2005	Stratika	Profitability Solutions
2005	Synergy	Document Imaging
2005	TWS	Item Processing/ATM Deposit Processing
2005	Optinfo	Enterprise Exception Management Solution
2005	Verinex Technologies	Biometric Security Solutions
2005	Select Payment Processing	Payment Processing Solutions
2004	Regulatory Reporting Group	Electronic Regulatory Reporting Solutions
2004	e-ClassicSystems	ATM Channel Management System
2004	PowerPay .ach, .rck and .arc	Automated Clearing House Product Suite
2004	Yellow Hammer Software	Fraud Detection and Prevention Solution

Solutions

JHA was founded in 1976 as a provider of core information processing solutions for community banks. Today, we provide an extensive array of products and services that enable more than 8,800 financial institutions and corporate entities to capitalize on business opportunities and respond to inherent business challenges with proven solutions. Our proprietary solutions are marketed through three business brands:

- **Jack Henry Banking**
supports commercial banks with information and transaction processing platforms that provide enterprise-wide automation. Its solutions encompass three functionally distinct core processing systems and more than 100 complementary solutions, including business intelligence and bank management, retail and business banking, Internet banking and electronic funds transfer ("EFT"), risk management and protection, and item and document imaging solutions. Our banking solutions have state-of-the-art functional capabilities, and we can provide the hardware required by each software system. Our banking solutions can be delivered in-house or through outsourced implementation, and are backed by a company-wide commitment to provide exceptional personal service. Jack Henry Banking is a recognized market leader, currently supporting more than 1,600 banks with its technology platforms.
- **Symitar**
supports credit unions of all sizes with information and transaction processing platforms that provide enterprise-wide automation. Its solutions include two functionally distinct core processing systems and more than 50 complementary solutions, including business intelligence and credit union management, member and member business services, Internet banking and EFT, risk management and protection, and item and document imaging solutions. Our credit union solutions also have state-of-the-art functional capabilities, and we can provide the hardware required by each software system. Our credit union solutions can be delivered in-house or through outsourced implementation, and are also backed by our company-wide commitment to provide exceptional personal service.
- **ProfitStars**
is a leading provider of specialized products and services assembled through our focused diversification acquisition strategy. These solutions are compatible with a wide variety of information technology platforms and operating environments, and include proven solutions for generating additional revenue and growth, increasing security and mitigating operational risks, and/or controlling operating costs. ProfitStars' products and services are enhancing the performance of financial services organizations of all asset sizes and charters, and diverse corporate entities with more than 8,200 domestic and international implementations. These distinct products and services can be implemented individually or as solution suites to address specific business problems and enable effective responses to dynamic industry trends.

Products and services that meet users' functional requirements are expected in the competitive markets that we serve. We will continue to develop and maintain functionally robust, integrated solutions that are supported with high service levels; regularly enhanced using an interactive customer enhancement process; compliant with relevant regulations; updated with proven advances in technology; and consistent with JHA's reputation as a premium product and service provider.

Core Software Systems

Core software systems primarily consist of the integrated applications required to process deposit, loan, and general ledger transactions, and to maintain centralized customer/member information.

Jack Henry Banking markets three core software systems to banks and Symitar markets two core software systems to credit unions. These core systems are available for in-house installation at customer sites or financial institutions can outsource ongoing information processing to JHA based on the core processing solution most compatible with their specific operational requirements.

Jack Henry Banking's three core banking platforms are:

- **SilverLake[®]**
is a robust IBM[®] System i[™]-based system primarily designed for commercial-focused banks with assets ranging from \$500 million to \$30 billion. However, an increasing number of progressive smaller banks, including de novo, or recently chartered start-up banks, are now selecting SilverLake. This system has been implemented by more than 450 banks, and now automates approximately 19 percent of the domestic banks with assets ranging from \$1 billion to \$30 billion.
- **CIF 20/20[®]**
is a parameter-driven, easy-to-use system that now supports approximately 800 banks ranging from de novo institutions to those with assets exceeding \$2 billion. CIF 20/20 is the most widely used IBM System i-based core processing system in the community bank market.
- **Core Director[®]**
is a Windows[®]-based, client/server system that now supports more than 200 banks ranging from de novo institutions to those with assets exceeding \$1 billion. Core Director is a cost-efficient operating platform and provides intuitive point-and-click operation.

Symitar's two functionally distinct core credit union platforms are:

- **Episys[®]**
is a robust IBM System p[™]-based system primarily designed for credit unions with more than \$50 million in assets. It has been implemented by approximately 500 credit unions and is ranked as the system implemented by more credit unions with assets exceeding \$25 million than any other alternative.
- **Cruise[®]**

is a Windows-based, client/server system designed primarily for credit unions with less than \$50 million in assets. It has been implemented by more than 200 credit unions, is cost-efficient, and provides intuitive point-and-click, drag-and-drop operation.

Customers electing to install our solutions in-house license the proprietary software systems based on initial license fees. The large majority of these customers pay ongoing annual software maintenance fees. We also re-market the hardware and peripheral equipment that is required by our software solutions; and we contract to perform software implementation, data conversion, training, ongoing support, and other related services. In-house customers generally license our core software systems under a standard license agreement that provides a fully paid, nonexclusive, nontransferable right to use the software on a single computer at a single location.

Customers can eliminate the significant up-front capital expenditures required by in-house installations and the responsibility for operating information and transaction processing infrastructures by outsourcing these functions to JHA. Our outsourcing services are provided through a national network of eight data centers in six physical locations and 20 image-enabled item processing centers. Customers electing to outsource their core processing typically sign five-year contracts that include transaction-based processing fees and minimum guaranteed payments during the contract period.

We support the dynamic business requirements of our core bank and credit union clients with ongoing enhancements to each core system, the regular introduction of new integrated complementary products, the ongoing integration of practical new technologies, and regulatory compliance initiatives. JHA also serves each core customer as a single point of contact, support, and accountability.

Complementary Products and Services

We provide more than 100 complementary products and services that are sold to our core bank and credit union customers, and selectively sold by our ProfitStars division to financial services organizations that use other core processing systems.

These complementary solutions enable core bank and credit union clients to respond to evolving customer/member demands, expedite speed-to-market with competitive offerings, increase operating efficiency, address specific operational issues with proven solutions, and generate new revenue streams. The highly specialized solutions sold by ProfitStars enable diverse financial services organizations and corporate entities to generate additional revenue and growth opportunities, increase security and mitigate operational risks, and control operating costs.

Following are brief overviews of our key complementary products and services, which are categorized into functional product families.

Business Intelligence and Management Solutions

JHA's business intelligence and management solutions enable financial institutions to maximize performance and profits with accessible, accurate, and timely decision-support information. These products and services leverage the processes, technology, and expertise required to compile, report, and analyze customer, product, market, and business information.

Intelligence Warehouse/Intelligence Manager ("IW/IM") - Business intelligence and analysis platform fully integrated with the SilverLake core banking systems

Margin Maximizer - Loan and deposit pricing solution

Synapsys[®] - Sales force automation solution

Synapsys MCIF Wizard - Marketing central information file and data mining solution

Account Cross Sell - Automated direct sales solution

Relationship Profitability Management ("RPM") - Enterprise-wide profitability solution

PROFITability[®] - Organizational and product profitability system

PROFITstar[®] ALM/Budgeting - Asset/liability management and budgeting system

Regulatory Reporting Solutions - Electronic FDIC reporting systems

TimeTrack Payroll System[™] - Payroll processing solution

Retail Delivery Solutions

JHA's retail delivery solutions enable financial institutions to enhance their customer/member experience, capitalize on the opportunities to expand customer/member relationships at all points of contact, and successfully compete by offering high-demand products and services.

ArgoKeys® Branch Sales Automation - Fully integrated platform solution
StreamLine Platform Automation® - Sales and service solution
Vertex Teller Automation™ - Sales, service and transaction processing solution
OnTarget™ Deposit Platform - Sales, service and transaction processing solution
OnTarget Lender - Sales, service and transaction processing solution
OnTarget Teller Platform - Sales, service and transaction processing solution
Member Business Services - Business-driven deposit and loan services
Opening Act - Online accounting opening solution for deposits and loans
Yellow Hammer™ BSA - Web-based BSA compliance and risk mitigation solution
Yellow Hammer Fraud Detective™ - Fraud detection/prevention solution
Yellow Hammer Anti-Money Laundering - Money laundering detection/prevention solution
Synapsys - Sales force automation solution
Synapsys MCIF Wizard - Marketing central information file and data mining solution
InTouch Voice Response™ - Full-service telephone banking solution
Bounce Protection® - Overdraft privilege solution

Business Banking Solutions

JHA's business banking solutions enable banks to enhance their commercial customers' experience, capitalize on the opportunities to expand commercial relationships at all points of contact, and successfully compete by offering high-demand commercial products and services.

NetTeller Cash Management™ - Online commercial account management solution
NetTeller Bill Pay™ - Electronic bill payment solution
Check Collect Recovery Services - Automated consumer check recovery
Remote Deposit Capture and Merchant Deposit Capture - High and low volume remote deposit solutions
ACH/Check Conversion Services - Electronic check conversion and processing service
Mutual Fund Sweep - Off-balance sheet sweep solution
The Reserve - On-balance sheet cash management sweep solution

Electronic Funds Transfer (EFT) Solutions

JHA's EFT solutions provide a secure, reliable, end-to-end transaction processing platform for the high-demand EFT services required to compete in today's financial services industry.

PassPort.pro™ - Online authorization and ATM driving solution
PassPort.atm™ - ATM processing and network switching service
PassPort.dc™ - Turnkey service for debit card programs
PassPort.asp™ - Outsourced ATM solution for in-house processing environments
PassPort Prepaid Value Cards - Stored value card solution
ImageCenter ATM Deposit Management - ATM deposits automation solution
Remote Deposit Capture and Merchant Deposit Capture - High and low volume remote deposit solutions
ACH/Check Conversion Services - Electronic check conversion and processing service
Yellow Hammer EFT Fraud Detective - EFT fraud detection/prevention solution
ATM Manager Pro® - ATM channel management solutions

Internet Banking Solutions

JHA's Internet banking solutions support convenience-driven consumers with account access and the ability to initiate transactions and conduct self-directed research 24x7x365.

NetTeller Online Banking™ - Bank-branded Internet banking solution
NetTeller Cash Management - Online commercial account management solution
NetTeller Bill Pay - Electronic bill payment solution
DirectLine™ OFX - Internet banking solution for PC-based financial management systems

Opening Act - Online account opening solution for deposits and loans

Multifactor Authentication - Two-factor authentication solution for online transactions

RSA® FraudActionSM - Anti-phishing/anti-pharming risk mitigation solution

Electronic Statements - E-statement generation and delivery solution

Electronic Statements - Interactive - Electronic generation and delivery of customer communications

Risk Management and Protection Solutions

JHA's risk management and protection solutions enable financial institutions to manage their assets, protect their customers/members from fraud and the related financial losses, prepare to conduct business in the event of a disaster, and fully comply with the related regulatory requirements.

BioIdentify[®] - Biometric identity management solution

Centurion Disaster Recovery[®] - Disaster recovery services for core and complementary solutions

Centurion Business Continuity Planning - Enterprise-wide business continuity consulting

Yellow Hammer BSA - Web-based BSA compliance and risk mitigation solution

Yellow Hammer Fraud Detective - Fraud detection/prevention solution

Yellow Hammer Anti-Money Laundering - Money laundering detection/prevention solution

Yellow Hammer EFT Fraud Detective - EFT fraud detection/prevention solution

Multifactor Authentication - Two-factor authentication solution for online transactions

RSA® FraudActionSM - Anti-phishing/anti-pharming risk mitigation solution

Enterprise Exception Management Suite ("eEMS") - Enterprise risk management solution

Risk Manager - Enterprise risk management solution

AlertManager - Check-related fraud detection/prevention system

Gladiator CoreDEFENSE Network Security - Managed network security services

PROFITability - Organizational and product profitability system *

PROFITstar ALM/Budgeting - Asset/liability management and budgeting system *

Regulatory Reporting Solutions - Electronic FDIC reporting systems

Item and Document Imaging Solutions

JHA's imaging solutions revolutionize item processing by converting paper-based checks into digital checks and processing them electronically. Its document imaging and management solutions convert virtually any paper-based document into a digital document that can be electronically stored, immediately retrieved, and efficiently delivered.

4|sight™ Item Imaging - Check imaging platform

ImageCenter - Check imaging platform

Check 21 Solutions - Check image clearing platform

Synergy Enterprise Content Management (ECM) - Modular ECM solution

Enterprise Conversion Solutions - Image and data conversion solutions

Professional Services and Education

JHA's professional services and education enable financial institutions to proactively protect their mission-critical information assets and operational infrastructures, further streamline operations, maximize the day-to-day use of technology-based solutions, maximize their return on technology investments, and ensure related regulatory compliance.

Know-It-All Education - Initial and ongoing education

Intellix Consulting - Operational assessments

Matrix Network ServicesSM - LAN/WAN design, implementation and support services

Centurion Disaster Recovery - Disaster recovery services for core and complementary solutions

Centurion Business Continuity Planning - Enterprise-wide business continuity consulting

JHA regularly introduces new products and services based on demand for integrated complementary solutions from our existing core clients; and the growing demand among financial services organizations and corporate entities for specialized solutions capable of increasing revenue and growth opportunities, mitigating and controlling operational risks, and containing costs. The Company's Industry Research department solicits customer guidance on the business solutions they need, formally evaluates available solutions and competitive offerings, and manages the introduction of new product offerings. JHA's new complementary products and services are developed internally, acquired, or provided through strategic alliances.

Hardware Systems

Hardware sales, which include all non-software products that we re-market in order to support our software systems, represent one of our primary revenue sources.

Our software systems operate on a variety of hardware platforms. We have established remarketing agreements with IBM Corporation, Avnet, Inc., and other hardware providers that allow JHA to purchase hardware at a discount and resell it directly to our customers. We currently sell the IBM Power Systems, System i, System p, and System x servers; Lenovo workstations; Dell servers and workstations; Unisys, RDM, Panini, BancTec and NCR check scanners; and other devices that complement our software solutions.

JHA has maintained a long-term strategic relationship with IBM, dating back to the development of our first core software applications over 30 years ago. This relationship has resulted in IBM naming JHA as a "Premier Business Partner" every year since 1993.

Implementation and Training

While it is not essential, the majority of our core bank and credit union customers contract separately with us for implementation and training services in connection with their in-house systems.

A complete core system implementation typically includes detailed planning, project management, data conversion, and testing. Our experienced implementation teams travel to customer facilities to help manage the process and ensure that all data is transferred from the legacy system to the JHA system being implemented. Our implementation fees are fixed or hourly based on the core system being installed.

Implementation and training services also are provided in connection with new customers outsourcing their information processing to JHA.

We also provide extensive initial and ongoing education to our customers. Know-It-All Education is a comprehensive training program that supports new customers with basic training and longtime customers with continuing education. The curricula provide the ongoing training financial institutions need to maximize the use of JHA's core and complementary products, to optimize ongoing system enhancements, and to fully understand dynamic year-end legislative and regulatory requirements. Each basic, intermediate, and advanced course is delivered by system experts, supported by professional materials and training tools, and incorporates different educational media in a blended learning approach. Know-It-All Education supports distinct learning preferences with a variety of delivery channels, including classroom-based courses offered in JHA's regional training centers, Internet-based live instruction, eLearning courses, on-site training, and train-the-trainer programs.

Support and Services

We serve our customers as a single point of contact and support for the complex solutions we provide. The Company's comprehensive support infrastructure incorporates:

- Exacting service standards;
- Trained support staffs available 24 hours-a-day, 365 days-a-year;
- Assigned account managers;
- Sophisticated support tools, resources, and technology; and
- A best practices methodology developed and refined through the company-wide, day-to-day experience supporting more than 8,800 diverse clients.

JHA's experience converting diverse banks and credit unions to our core platforms from every competitive platform also provides highly effective change management and control processes.

Most in-house customers contract for annual software support services, and this represents a significant source of recurring revenue for JHA. These support services are typically priced at approximately 18 percent to 20 percent of the respective product's software license fee. These fees generally increase as customer assets increase and as additional complementary products are purchased. Annual software support fees are typically billed during June and are paid in advance for the entire fiscal year, with pro-ration for new product implementations that occur during the year. Hardware support fees also are usually paid in advance for entire contract periods which typically range from one to five years. Most support contracts automatically renew unless the customer or JHA gives notice of termination at least 60 days prior to contract expiration.

High levels of support are provided to our outsourced customers by the same support infrastructure utilized for in-house customers. However, these support fees are included as part of monthly outsourcing fees.

JHA regularly measures customer satisfaction using formal annual surveys and online surveys initiated each year by routine support requests. This process shows that we consistently exceed our customers' service-related expectations.

Regulatory Compliance

JHA maintains a strict corporate commitment to address compliance issues and implement requirements imposed by the federal regulators prior to the effective date of such requirements. JHA's comprehensive compliance program is provided by a team of compliance analysts and auditors that possess extensive regulatory agency and financial institution experience, and a thorough working knowledge of JHA and our solutions. These compliance professionals leverage multiple channels to remain informed about potential and recently enacted regulatory requirements, including regular discussions on emerging topics with the Federal Financial Institutions Examination Council ("FFIEC") examination team and training sessions sponsored by various professional associations.

JHA has a proven process to inform internal contacts of new and revised regulatory requirements. Upcoming regulatory changes also are presented to the Company's product-specific change control boards and the necessary product changes are included in the ongoing product development cycle. A representative of JHA's compliance organization serves on every change control board to ensure that the regulatory perspective is addressed in proposed product/service changes. We publish newsletters to keep our customers informed of regulatory changes that could impact their operations. Periodically, customer advisory groups are assembled to discuss significant regulatory changes, such as the USA Patriot Act.

Internal audits of our systems, networks, operations, and applications are conducted and specialized outside firms are periodically engaged to perform testing and validation of our systems, processes, and security. Ensuring that confidential information remains private is a high priority, and JHA's initiatives to protect confidential information include regular third-party application reviews intended to better secure information access. Additional third-party reviews are performed throughout the organization, such as vulnerability tests, intrusion tests, and SAS 70 reviews. The FFIEC conducts annual reviews throughout the Company and issues reports that are reviewed by the JHA Audit Committee of the Board of Directors.

Research and Development

We invest significant resources in ongoing research and development to develop new software solutions and services, and enhance existing solutions with additional functionality and features required to ensure regulatory compliance. Our core and complementary systems are typically enhanced once each year. Product-specific enhancements are largely customer-driven with recommended enhancements formally gathered through focus groups, change control boards, strategic initiatives meetings, annual user group meetings, and ongoing customer contact. We also continually evaluate and implement process improvements that expedite the delivery of new products and enhancements to our customers, and reduce related costs.

Research and development expenses for fiscal years 2008, 2007, and 2006 were \$43.3 million, \$36.0 million, and \$31.9 million, respectively. Capitalized software for fiscal years 2008, 2007 and 2006 was \$23.7 million, \$20.7 million, and \$16.1 million, respectively.

Sales and Marketing

JHA serves established, well defined markets that inherently provide ongoing sales and cross-sales opportunities.

Jack Henry Banking sells core processing systems and integrated complementary solutions to domestic commercial banks with assets up to \$30.0 billion. Symitar sells core processing systems and integrated complementary solutions to domestic credit unions of all asset sizes. The marketing and sales initiatives within these business lines are primarily focused on identifying banks and credit unions evaluating alternative core information and transaction processing solutions. Jack Henry Banking also has been extremely successfully selling its core and complementary solutions to a significant number of the de novo banks chartered during the past two years. ProfitStars sells specialized niche solutions that complement existing technology platforms to domestic financial services organizations of all asset sizes and charters.

Dedicated sales forces support each of JHA's three business brands. Sales executives are responsible for the activities required to earn new customers in assigned territories, and regional account executives are responsible for nurturing customer relationships and cross selling additional products and services. Our sales professionals receive base salaries and performance-based commission compensation. Brand-specific sales support staff provide a variety of services, including product and service demonstrations, responses to prospect-issued requests-for-proposals, and proposal and contract generation. A centralized marketing department supports all three business lines with lead generation and brand-building activities, including participation in state-specific, regional, and national trade shows; print and online advertising; telemarketing; customer newsletters; ongoing promotional campaigns; and media relations. Each of JHA's business brands also hosts an annual national user group meeting which provides opportunities to network with existing clients and demonstrate new products and services.

jhaDirect sells specific complementary solutions, and business forms and supplies that are compatible with JHA's software solutions. jhaDirect's offering consists of more than 4,000 items, including tax and custom forms, ATM and teller supplies, check imaging and reader/sorter supplies, magnetic media, laser printers and supplies, loan coupon books, and much more. New items are regularly added in response to dynamic regulatory requirements and to support JHA's ever-expanding product and service suite.

JHA sells select products and services in the Caribbean, and now has approximately 40 installations in Europe and South America as a result of recent acquisitions. International sales account for less than one percent of JHA's total revenue in each of the three years ended June 30, 2008, 2007, and 2006.

Backlog

Backlog consists of contracted in-house products and services that have not been delivered. Backlog also includes the minimum monthly payments for the remaining portion of multi-year outsourcing contracts, and typically includes the minimum payments guaranteed for the remainder of the contract period.

Backlog as of June 30, 2008 totaled \$257.4 million, consisting of \$63.1 million for in-house products and services, and \$194.3 million for outsourcing services. Approximately \$143.0 million of the outsourcing services backlog as of June 30, 2008 is not expected to be realized during fiscal year 2009 due to the long-term nature of many outsourcing contracts. Backlog as of June 30, 2007 totaled \$239.3 million, and consisted of \$68.1 million for in-house products and services, and \$171.2 million for outsourcing services.

Our in-house backlog is subject to seasonal variations and can fluctuate quarterly. Our outsourcing backlog continues to experience growth based on new contracting activities and renewals of multi-year contracts, and although the appropriate portion of this revenue will be recognized during fiscal year 2008 the backlog is expected to remain constant due to renewals of existing relationships and new contracting activities.

Competition

The market for companies providing technology solutions to financial services organizations is competitive, and we expect that competition from both existing competitors and companies entering our existing or future markets will remain strong. Some of JHA's current competitors have longer operating histories, larger customer bases, and greater financial resources. The principal competitive factors affecting the market for technology solutions include product/service functionality, price, operating flexibility and ease-of-use, customer support, and existing customer references. During the last decade there has been significant consolidation among providers of products and services designed for financial institutions, and this consolidation is expected to continue in the future.

Jack Henry Banking competes with large vendors that provide information and transaction processing solutions to banks, including Fidelity Information Services, Inc.; Fiserv, Inc.; and Metavante. Symitar competes with large vendors that provide information and transaction processing solutions to credit unions, including Fidelity Information Services, Inc.; Fiserv, Inc.; Open Solutions, Inc.; and Harland Financial Solutions - Ultradata. ProfitStars competes with an array of disparate vendors that provide niche solutions to financial services organizations and corporate entities.

Intellectual Property, Patents, and Trademarks

Although we believe our success depends upon our technical expertise more than our proprietary rights, our future success and ability to compete depend in part upon our proprietary technology. We have registered or filed applications

for our primary trademarks. Most of our technology is not patented. Instead, we rely on a combination of contractual rights, copyrights, trademarks, and trade secrets to establish and protect our proprietary technology. We generally enter into confidentiality agreements with our employees, consultants, resellers, customers, and potential customers. Access to and

distribution of our Company's source code is restricted, and the disclosure and use of other proprietary information is further limited. Despite our efforts to protect our proprietary rights, unauthorized parties can attempt to copy or otherwise obtain, or use our products or technology. We cannot be certain that the steps taken in this regard will be adequate to prevent misappropriation of our technology or that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology.

Government Regulation

The financial services industry is subject to extensive and complex federal and state regulation. All financial institutions are subject to substantial regulatory oversight and supervision. We must ensure that our products and services comply with the extensive and evolving regulatory requirements applicable to our customers, including

but not limited to those mandated by federal truth-in-lending and truth-in-savings rules, the Privacy of Consumer Financial Information regulations, usury laws, the Equal Credit Opportunity Act, the Fair Housing Act, the Electronic Funds Transfer Act, the Fair Credit Reporting Act, the Bank Secrecy Act, the USA Patriot Act, the Gramm-Leach-Bliley Act, and the Community Reinvestment Act. The compliance of JHA's products and services with these requirements depends on a variety of factors, including the particular functionality, the interactive design, the classification of customers, and the manner in which the customer utilizes the products and services. Our customers are contractually responsible for assessing and determining what is required of them under these regulations and then we assist them in meeting their regulatory needs through our products and services. It is not possible to predict the impact these regulations, any future amendments to these regulations or any newly implemented regulations could have on our business in the future.

JHA is not chartered by the Office of the Comptroller of Currency, the Board of Governors of the Federal Reserve System, the National Credit Union Administration or other federal or state agencies that regulate or supervise depository institutions.

Operating as a service provider to financial institutions, JHA's operations are governed by the same regulatory requirements as those imposed on financial institutions, and subject to periodic reviews by FFIEC regulators who have broad supervisory authority to remedy any shortcomings identified in such reviews.

JHA provides outsourced data and item processing through geographically dispersed OutLink™ Data Centers, electronic transaction processing through our PassPort and Enterprise Payments Solutions™, Internet banking through NetTeller and MemberConnect™ online solutions, and business recovery services through Centurion Disaster Recovery.

The services provided by our OutLink Data Centers are subject to examination by the Federal Financial Institution Examination Council regulators under the Bank Service Company Act. These outsourcing services also are subject to examination by state banking authorities on occasion.

Employees

As of June 30, 2008 and 2007, JHA had 3,824 and 3,583 full-time employees, respectively. Of our employees, approximately 640 are employed in the credit union segment of our business, with the remainder employed in the bank business segment or in general and administrative functions that serve both segments. Our employees are not covered by a collective bargaining agreement and there have been no labor-related work stoppages.

Available Information

JHA's Website is easily accessible to the public at www.jackhenry.com. The "For Investors" portion of the Website provides key corporate governance documents, the code of conduct, an archive of press releases, and other relevant company information. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other filings and amendments thereto that are made with the U.S. Securities and Exchange Commission (SEC) also are available free of charge on the Website and as soon as reasonably practical after these reports have been filed with or furnished to the SEC.

Item 1A. Risk Factors

The Company's business and the results of its operations are affected by numerous factors and uncertainties, some of which are beyond our control. The following is a description of some of the important risks and uncertainties that may cause the actual results of the Company's operations in future periods to differ from those expected or desired.

Changes in the banking and credit union industry could reduce demand for our products

. Cyclical fluctuations in economic conditions affect profitability and revenue growth at commercial banks and credit unions. Unfavorable economic conditions negatively affect the spending of banks and credit unions, including spending on computer software and hardware. Such conditions could reduce both our sales to new customers and upgrade/complementary product sales to existing customers. The Company could also experience the loss of customers due to their financial failure.

Competition or general economic conditions may result in decreased demand or require price reductions or other concessions to customers which could result in lower margins and reduce income.

We vigorously compete with a variety of software vendors in all of our major product lines. We compete on the basis of product quality, reliability, performance, ease of use, quality of support, integration with other products and pricing. Some of our competitors may have advantages over us due to their size, product lines, greater marketing resources, or exclusive intellectual property rights. If competitors offer more favorable pricing, payment or other contractual terms, warranties, or functionality, or if general economic conditions decline such that customers are less willing or able to pay the cost of our products, we may need to lower prices or offer favorable terms in order to successfully compete.

If we fail to adapt our products and services to changes in technology, we could lose existing customers and be unable to attract new business.

The markets for our software and hardware products and services are characterized by changing customer requirements and rapid technological changes. These factors and new product introductions by our existing competitors or by new market entrants could reduce the demand for our existing products and services and we may be required to develop or acquire new products and services. Our future success is dependent on our ability to enhance our existing products and services in a timely manner and to develop or acquire new products and services. If we are unable to develop or acquire new products and services as planned, or if we fail to sell our new or enhanced products and services, we may incur unanticipated expenses or fail to achieve anticipated revenues.

Security problems could damage our reputation and business.

We rely on standard encryption, network and Internet security systems, most of which we license from third parties, to provide the security and authentication necessary to effect secure transmission of data. Computer networks and the Internet are vulnerable to unauthorized access, computer viruses and other disruptive problems. Individual personal computers can be stolen, and customer data tapes can be lost in shipment. Under state and proposed federal laws requiring consumer notification of security breaches, the costs to remediate security breaches can be substantial. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may render our security measures inadequate. Security risks may result in liability to us and also may deter financial institutions from purchasing our products. We will continue to expend significant capital and other resources protecting against the threat of security breaches, and we may need to expend resources alleviating problems caused by breaches. Eliminating computer viruses and addressing other security problems may result in interruptions, delays or cessation of service to users, any of which could harm our business.

We may not be able to manage growth.

We have grown both internally and through acquisitions. Our expansion has and will continue to place significant demands on our administrative, operational, financial and management personnel and systems. We may not be able to enhance and expand our product lines, manage costs, adapt our infrastructure and modify our systems to accommodate future growth.

Our growth may be affected if we are unable to find or complete suitable acquisitions.

We have augmented the growth of our business with a number of acquisitions and we plan to continue to acquire appropriate businesses, products and services. This strategy depends on our ability to identify, negotiate and finance suitable acquisitions. Substantial recent merger and acquisition activity in our industry has affected the availability and pricing of such acquisitions. If we are unable to acquire suitable acquisition candidates, we may experience slower growth.

Acquisitions may be costly and difficult to integrate.

We have acquired a number of businesses in the last few years and will continue to explore acquisitions in the future. We may not be able to successfully integrate acquired companies. We may encounter problems with the integration of new businesses including: financial control and computer system compatibility; unanticipated costs; unanticipated quality or customer problems with acquired products or services; differing regulatory and industry standards; diversion of management's attention; adverse effects on existing business relationships with suppliers and customers; loss of key employees; and significant amortization expenses related to acquired assets. To finance future acquisitions, we may have to increase our borrowing or sell equity or debt securities to the public. Without additional acquisitions, we may not be able to grow and to develop new products and services as quickly as we have in the past to meet the competition. If we fail to integrate our acquisitions, our business, financial condition and results of operations could be materially and adversely affected. Failed acquisitions could also produce material and unpredictable impairment charges as we periodically review our acquired assets.

The loss of key employees could adversely affect our business.

We depend on the contributions and abilities of our senior management. Our Company has grown significantly in recent years and our management remains concentrated in a small number of key employees. If we lose one or more of our key employees, we could suffer a loss of sales and delays in new product development, and management resources would have to be diverted from other activities to compensate for this loss. We do not have employment agreements with any of our executive officers.

Consolidation of financial institutions will continue to reduce the number of our customers and potential customers.

Our primary market consists of approximately 8,400 commercial and savings banks and 8,200 credit unions. The number of commercial banks and credit unions has decreased because of mergers and acquisitions over the last several decades and is expected to continue to decrease as more consolidation occurs.

The services we provide to our customers are subject to government regulation that could hinder the development of portions of our business or impose constraints on the way we conduct our operations.

The financial services industry is subject to extensive and complex federal and state regulation. As a supplier of services to financial institutions, portions of our operations are examined by the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Association and the Office of Thrift Supervision, among other regulatory agencies. These agencies regulate services we provide and the manner in which we operate, and we are required to comply with a broad range of applicable laws and regulations. In addition, existing laws, regulations, and policies could be amended or interpreted differently by regulators in a manner that has a negative impact on our existing operations or that limits our future growth or expansion. Our customers are also regulated entities, and actions by regulatory authorities could determine both the decisions they make concerning the purchase of data processing and other services and the timing and implementation of these decisions. Concerns are growing with respect to the use, confidentiality, and security of private customer information. Regulatory agencies, Congress and state legislatures are considering numerous regulatory and statutory proposals to protect the interests of consumers and to require compliance with standards and policies that have not been defined.

The software we provide to our customers is also affected by government regulation.

We are generally obligated to our customers to provide software solutions that comply with applicable federal and state regulations. Substantial software research and development and other corporate resources have been and will continue to be applied to adapt our software products to this evolving, complex and often unpredictable regulatory environment. Our failure to provide compliant solutions could result in significant fines or consumer liability on our customers, for which we may bear ultimate liability.

As technology becomes less expensive and more advanced, purchase prices of hardware are declining and our revenues and profits from remarketing arrangements may decrease.

Computer hardware technology is rapidly developing. Hardware manufacturers are producing less expensive and more powerful equipment each year, and we expect this trend to continue into the future. As computer hardware becomes less expensive, revenues and profits derived from our hardware remarketing may decrease and become a smaller portion of our revenues and profits.

An operational failure in our outsourcing facilities could cause us to lose customers.

Damage or destruction that interrupts our outsourcing operations could damage our relationship with customers and may cause us to incur substantial additional expense to repair or replace damaged equipment. Our back-up systems and procedures may not prevent disruption, such as a prolonged interruption of our transaction processing services. In the event that an interruption of our network extends for more than several hours, we may experience data loss or a reduction in revenues by reason of such interruption. In addition, a significant interruption of service could have a negative impact on our reputation and could lead our present and potential customers to choose other service providers.

If our strategic relationship with IBM were terminated, it could have a negative impact on the continuing success of our business.

We market and sell IBM hardware and equipment to our customers under an IBM Business Partner Agreement and resell maintenance on IBM hardware products to our customers. Much of our software is designed to be compatible with the IBM hardware that is run by a majority of our customers. If IBM were to terminate or fundamentally modify our strategic relationship, our relationship with our customers and our revenues and earnings could suffer. We could also lose software market share or be required to redesign existing products or develop new products for new hardware platforms.

If others claim that we have infringed their intellectual property rights, we could be liable for significant damages.

We have agreed to indemnify many of our customers against claims that our products and services infringe on the proprietary rights of others. We anticipate that the number of infringement claims will increase as the number of our software solutions and services increases and the functionality of our products and services expands. Any such claims, whether with or without merit, could be time-consuming, result in costly litigation and may not be resolved on terms favorable to us.

Expansion of services to non-traditional customers could expose us to new risks.

Some of our recent acquisitions include business lines that are marketed outside our traditional, regulated, and litigation-averse base of financial institution customers. These non-regulated customers may entail greater operational, credit and litigation risks than we have faced before and could result in increases in bad debts and litigation costs.

Increases in service revenue as a percentage of total revenues may decrease overall margins.

We continue to experience a trend of a greater proportion of our products being sold as outsourcing services rather than in-house licenses. We realize lower margins on service revenues than on license revenues. Thus, if service revenue increases as a percentage of total revenue, our gross margins will be lower and our operating results may be impacted.

Failure to achieve favorable renewals of service contracts could negatively affect our outsourcing business.

Our contracts with our customers for outsourced data processing services generally run for a period of 3-5 years. Because of the rapid growth of our outsourcing business over the last five years, we will experience greater numbers of these contracts coming up for renewal over the next few years. Renewal time presents our customers with the opportunity to consider other providers or to renegotiate their contracts with us. If we are not successful in achieving high renewal rates upon favorable terms, our outsourcing revenues and profit margins will suffer.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own 154 acres located in Monett, Missouri on which we maintain nine office buildings, shipping & receiving and maintenance buildings. We also own buildings in Houston, Texas; Allen, Texas; Albuquerque, New Mexico; Birmingham, Alabama; Lenexa, Kansas; Angola, Indiana; Shawnee Mission, Kansas; Rogers, Arkansas; Oklahoma City, Oklahoma and San Diego, California. In addition, we own 36.4 acres of unimproved land in Springfield, Missouri. Our owned facilities represent approximately 793,000 square feet of office space in nine states. We have 50 leased office facilities in 22 states, which total approximately 449,000 square feet. Approximately 26% or 46,000 square feet of the office space in Allen, TX is leased to an outside tenant. The balance of our owned and leased office facilities are for normal business purposes.

Of our facilities, the credit union business segment uses office space totaling approximately 105,000 square feet in six facilities. The majority of our San Diego, California offices are used in the credit union business segment, as are portions of five other office facilities. The remainder of our leased and owned facilities, approximately 1,137,000 square feet of office space, is primarily devoted to serving our bank business segment or supports our whole business.

We own five aircraft. Many of our customers are located in communities that do not have an easily accessible commercial airline service. We primarily use our airplanes in connection with implementation, sales of systems and internal requirements for day-to-day operations. Transportation costs for implementation and other customer services are billed to our customers. We lease property, including real estate and related facilities, at the Monett, Missouri municipal airport.

Item 3. Legal Proceedings

We are subject to various routine legal proceedings and claims arising in the ordinary course of business. We do not expect that the results in any of these legal proceedings will have a material adverse effect on our business, financial condition, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is quoted on the NASDAQ Global Select Market ("NASDAQ"), formerly known as the NASDAQ National Market, under the symbol "JKHY". The following table sets forth, for the periods indicated, the high and low sales price per share of the common stock as reported by NASDAQ.

Fiscal 2008	High	Low
Fourth Quarter	\$27.48	\$21.62
Third Quarter	26.11	22.22
Second Quarter	29.24	24.34
First Quarter	27.50	23.39
Fiscal 2007	High	Low
Fourth Quarter	\$26.75	\$23.54
Third Quarter	24.67	20.57
Second Quarter	23.20	21.02
First Quarter	22.20	17.40

The Company established a practice of paying quarterly dividends at the end of fiscal 1990 and has paid dividends with respect to every quarter since that time. Quarterly dividends per share paid on the common stock for the two most recent fiscal years ended June 30, 2008 and 2007 are as follows:

Fiscal 2008	Dividend
Fourth Quarter	\$0.075
Third Quarter	0.075
Second Quarter	0.065
First Quarter	0.065

Fiscal 2007	Dividend
Fourth Quarter	\$0.065
Third Quarter	0.065
Second Quarter	0.055
First Quarter	0.055

The declaration and payment of any future dividends will continue to be at the discretion of our Board of Directors and will depend upon, among other factors, our earnings, capital requirements, contractual restrictions, and operating and financial condition. The Company does not currently foresee any changes in its dividend practices.

Information regarding the Company's equity compensation plans is set forth under the caption "Equity Compensation Plan Information" in the Company's definitive Proxy Statement and is incorporated herein by reference.

On August 21, 2008, there were approximately 50,000 holders of the Company's common stock. On that same date the last sale price of the common shares as reported on NASDAQ was \$20.10 per share.

Issuer Purchases of Equity Securities

The following shares of the Company were repurchased during the quarter ended June 30, 2008:

Period	Total Number of Shares Purchased	Average Price of Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans ⁽¹⁾

April 1 - April 30, 2008	0	\$ -	0	5,089,971
May 1 - May 31, 2008	1,200,400	\$ 23.31	1,200,400	3,889,571
June 1 - June 30, 2008	200,000	\$ 22.70	200,000	3,689,571
Total	1,400,400	\$ 23.23	1,400,400	3,689,571

(1) Purchases made under the stock repurchase authorization approved by the Company's Board of Directors on October 4, 2002 with respect to 3.0 million shares, increased by 2.0 million shares on April 29, 2005, and by 5.0 million shares on August 28, 2006. On February 4, 2008, the Company's Board of Directors approved an additional 5.0 million share increase to the stock repurchase authorization. These authorizations have no specific dollar or share price targets and no expiration dates.

Performance Graph

The following chart presents a comparison for the five-year period ended June 30, 2008, of the market performance of the Company's common stock with the S & P 500 Index and an index of peer companies selected by the Company:

The following information depicts a line graph with the following values.

	JKHY	New Peer Group (1)	Old Peer Group (2)	S & P 500
2003	100.00	100.00	100.00	100.00
2004	113.87	117.19	118.07	119.11
2005	104.67	126.52	131.77	126.64
2006	113.52	140.98	145.02	137.57
2007	150.27	171.76	170.62	165.90
2008	127.69	130.33	114.09	144.13

This comparison assumes \$100 was invested on June 30, 2003, and assumes reinvestments of dividends. Total returns are calculated according to market capitalization of peer group members at the beginning of each period. Peer companies selected are in the business of providing specialized computer software, hardware and related services to financial institutions and other businesses. In fiscal year 2008, we changed our peer group of companies used for this analysis to align with peer companies selected by our Compensation Committee for use in determining compensation for executive management. Companies in the new peer group (1) are Affiliated Computer Services, Inc., Bottomline Technology, Inc., Cerner Corp., DST Systems, Inc., Euronet Worldwide, Inc., Fair Isaac Corp., Fidelity National Financial, Inc., Fiserv, Inc., Goldleaf Financial Solutions, Inc., Metavante Technologies, Inc., Online Resources Corp., S1 Corp., SEI Investments Company, Telecommunications Systems, Inc., and Tyler Technologies Corp.

In previous fiscal years, the old peer group (2) consisted of Cerner Corp., Computer Sciences Corp., Euronet Worldwide Inc., Fair Isaac Corp., Fidelity National Financial, Fiserv Inc., Marshall & Ilsley Corp., National Datacomputer Com, and SEI Investments Company.

Item 6. Selected Financial Data

Selected Financial Data

(In Thousands, Except Per Share Data)

<u>Income Statement Data</u>	YEAR ENDED JUNE 30,				
	2008	2007	2006	2005	2004
Revenue ⁽¹⁾	\$ 742,926	\$ 666,467	\$ 590,877	\$ 535,191	\$ 467,415
Income from continuing operations	\$ 105,287	\$ 105,644	\$ 90,863	\$ 76,050	\$ 62,315
Diluted net income per share, continuing operations	\$ 1.17	\$ 1.15	\$ 0.97	\$ 0.82	\$ 0.68
Dividends declared per share	\$ 0.28	\$ 0.24	\$ 0.20	\$ 0.17	\$ 0.15
 <u>Balance Sheet Data</u>					
Working capital	\$ (11,418)	\$ 19,908	\$ 42,918	\$ 13,710	\$ 85,818
Total assets	\$ 1,021,044	\$ 999,340	\$ 906,067	\$ 814,153	\$ 653,614
Long-term debt	\$ 24	\$ 128	\$ 421	\$ -	\$ -
Stockholders' equity	\$ 601,451	\$ 598,365	\$ 575,212	\$ 517,154	\$ 442,918

(1)

Revenue includes license sales, support and service revenues, and hardware sales, less returns and allowances.

NOTE: Operating results for fiscal 2007, 2006 and 2005 have been restated to conform to the current presentation with regard to the Company's reporting of certain operations which were sold during fiscal 2008. Such operations have been classified as discontinued. See Note 12 to the consolidated financial statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the "Selected Financial Data" and the consolidated financial statements and related notes included elsewhere in this report.

OVERVIEW

Background and Overview

We provide integrated computer systems for in-house and outsourced data processing to commercial banks, credit unions and other financial institutions. We have developed and acquired banking and credit union application software systems that we market, together with compatible computer hardware, to these financial institutions. We also perform data conversion and software implementation services for our systems and provide continuing customer support services after the systems are implemented. For our customers who prefer not to make an up-front capital investment in software and hardware, we provide our full range of products and services on an outsourced basis through our eight data centers in six physical locations and 20 item-processing centers located throughout the United States.

A detailed discussion of the major components of the results of operations follows. All amounts are in thousands and discussions compare fiscal 2008 to fiscal 2007 and compare fiscal 2007 to fiscal 2006.

We derive revenues from three primary sources:

- software licenses;
- support and service fees, which include implementation services; and
- hardware sales, which includes all non-software remarketed products.

Over the last five fiscal years, our revenues have grown from \$467,415 in fiscal 2004 to \$742,926 in fiscal 2008. Net income has grown from \$62,315 in fiscal 2004 to \$104,222 in fiscal 2008. This growth has resulted primarily from internal expansion supplemented by strategic acquisitions, allowing us to develop and acquire new products and services for approximately 2,300 customers who utilize our core software systems as of June 30, 2008.

Since the start of fiscal 2004, we have completed 16 acquisitions. All of these acquisitions were accounted for using the purchase method of accounting and our consolidated financial statements include the results of operations of the acquired companies from their respective acquisition dates.

License revenue represents the sale and delivery of application software systems contracted with us by the customer. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution location.

Support and services fees are generated from implementation services contracted with us by the customer, ongoing support services to assist the customer in operating the systems and to enhance and update the software, and from providing outsourced data processing services and Electronic Funds Transfer ("EFT") support services. Outsourcing services are performed through our data and item processing centers. Revenues from outsourced item and data processing and EFT support services are primarily derived from monthly usage or transaction fees typically under five-year service contracts with our customers.

Cost of license fees represents the third party vendor costs associated with license fee revenue.

Cost of services represents costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item processing centers providing services for our outsourced customers, EFT services, and direct operation costs.

We have entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware and related services to our customers. Cost of hardware consists of the direct and related costs of purchasing the equipment from the manufacturers and delivery to our customers.

We have two business segments: bank systems and services and credit union systems and services. The respective segments include all related license, support and service, and hardware sales along with the related cost of sales.

RESULTS OF OPERATIONS

FISCAL 2008 COMPARED TO FISCAL 2007

Fiscal 2008 showed strong growth in support and service revenues, tempered somewhat by leaner gross and operating margins. As a result, an 11% increase in total revenue yielded income from continuing operations that was flat in comparison to fiscal 2007.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
License	\$ 73,553	\$ 76,403	-4%
Percentage of total revenue	10%	11%	

License revenue represents the delivery and acceptance of application software systems contracted with us by the customer. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution location.

License revenue decreased by \$2,850 compared to last fiscal year mainly due to a decrease in the number of new license agreements and an overall decrease in the average transaction size in comparison to the prior fiscal year. When compared with last year, many of our software solutions experienced a decrease in license revenue. Those products that had the most significant decreases included Yellow Hammer Fraud Detective™ (our fraud detection/prevention solution), Silverlake® (our flagship core software solution for larger banks), and Synergy (our enterprise content management solution). A significant portion of the decrease in license revenue can be attributed to the continuing shift in demand by banks and credit unions toward our outsourcing services from an in-house delivery. While many products had decreases in revenue during the current fiscal year, some products did very well, including Episys®, our flagship core processing system aimed at larger credit unions, and Yellow Hammer™ BSA, our new compliance and risk mitigation solution.

Support and Service Revenue

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
Support and service	\$ 580,334	\$ 501,722	+16%
Percentage of total revenue	78%	75%	
Year Over Year Change	\$ Change	% Change	
In-House Support & Other Services	\$ 32,685	15%	

EFT Support	30,601	29%
Outsourcing Services	11,467	10%
Implementation Services	3,859	6%

Total Increase	\$ 78,612	
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Support and service revenues are generated from implementation services (including conversion, installation, configuration and training), annual support to assist the customer in operating their systems and to enhance and update the software, outsourced data processing services and EFT Support services (including ATM and debit card transaction processing, online bill payment services, remote deposit capture and Check 21 transaction processing services).

There was strong growth in all of the support and service revenue components. In-house support and other services increased partially as a result of increased implementations of recently acquired products. In addition, because annual maintenance fees are based on supported institutions' asset size, in-house support revenues increase as our customers' assets grow. EFT support, which includes ATM/debit card processing, on-line bill pay, remote deposit capture and Check 21 transaction processing services, experienced the largest percentage growth due to increased customer activity and expansion of our customer base. Outsourcing services for banks and credit unions also continue to drive revenue growth at a strong pace as we add new bank and credit union customers and increase volume. Implementation services revenue increased during the year partially due to implementations of newly acquired or developed software products, as well as an increase in merger conversions for existing customers that acquired other financial institutions.

Hardware Revenue

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
Hardware	\$ 89,039	\$ 88,342	+1%
Percentage of total revenue	12%	13%	

The Company has entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware, hardware maintenance and related services to our customers. Revenue related to hardware sales is recognized when the hardware is shipped to our customers.

Hardware revenue increased slightly in the current fiscal year because a small decrease in the sale of major hardware components was offset by slight increases in revenue from the sale of financial institution forms and supplies and from hardware maintenance contracts.

COST OF SALES AND GROSS PROFIT

Cost of license represents the cost of software from third party vendors through remarketing agreements. These costs are recognized when license revenue is recognized. Cost of support and service represents costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item centers providing services for our outsourced customers, EFT processing services and direct operating costs. These costs are recognized as they are incurred. Cost of hardware consists of the direct and related costs of purchasing the equipment from the manufacturers and delivery to our

customers. These costs are recognized at the same time as the related hardware revenue is recognized. Ongoing operating costs to provide support to our customers are recognized as they are incurred.

Cost of Sales and Gross Profit

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
Cost of License	\$ 6,698	\$ 4,277	+57%
Percentage of total revenue	<1%	<1%	
License Gross Profit	\$ 66,855	\$ 72,126	-7%
Gross Profit Margin	91%	94%	
Cost of support and service	\$ 364,140	\$ 309,919	+17%
Percentage of total revenue	49%	47%	
Support and Service Gross Profit	\$ 216,194	\$ 191,803	+13%
Gross Profit Margin	37%	38%	
Cost of hardware	\$ 64,862	\$ 65,469	-1%
Percentage of total revenue	9%	10%	
Hardware Gross Profit	\$ 24,177	\$ 22,873	+6%
Gross Profit Margin	27%	26%	
TOTAL COST OF SALES	\$ 435,700	\$ 379,665	+15%
Percentage of total revenue	59%	57%	

TOTAL GROSS PROFIT	\$	307,226	\$	286,802	+7%
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Gross Profit Margin		41%		43%	
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Cost of license increased for the fiscal year due to greater third party reseller agreement software vendor costs. Gross profit margin on license revenue decreased because a larger percentage of the revenue from licenses was attributable to these sales under reseller agreements where the gross margins are significantly lower than on our owned products. Cost of support and service increased for the year primarily due to additional personnel costs, costs related to the expansion of infrastructure (including depreciation, amortization, and maintenance contracts) and increases in the direct costs of providing services (such as transaction processing charges and the cost of third party maintenance) as compared to last year. These increases were commensurate with the increase in support and service revenue. The gross profit margin decreased to 37% from 38% in support and service. Cost of hardware decreased for the year. Hardware gross profit margin increased slightly due to sales mix.

OPERATING EXPENSES

Selling and Marketing

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
Selling and marketing	\$ 55,916	\$ 50,195	+11%
Percentage of total revenue	8%	8%	

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conduct our sales efforts for our two market segments, and are overseen by regional sales managers. Our sales executives are responsible for pursuing lead generation activities for new core customers. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services.

For the 2008 fiscal year, the selling and marketing expenses increase was due to growth in personnel costs, particularly commission expenses on sales of services, which resulted from increased services revenue. Selling and Marketing expenses remained steady for both years at 8% of total revenue.

Research and Development

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
Research and development	\$ 43,326	\$ 35,962	+20%
Percentage of total revenue	6%	5%	

We devote significant effort and expense to develop new software, service products and continually upgrade and enhance our existing offerings. Typically, we upgrade our various core and complementary software applications once per year. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer-driven.

Research and development expenses grew primarily due to employee costs associated with an 11% increase in headcount for ongoing development of new products and enhancements to existing products. In addition, recent acquisitions have research and development expenses that exceed the average for the remainder of the Company, which has contributed to the increase from the prior fiscal year. Research and development expenses increased slightly to 6% of total revenue from 5% in fiscal 2007.

General and Administrative

	Year Ended June 30,		% Change
	<u>2008</u>	<u>2007</u>	
General and administrative	\$ 43,775	\$ 40,617	+8%
Percentage of total revenue	6%	6%	

General and administrative costs include all expenses related to finance, legal, human resources, plus all administrative costs. General and administrative expense increased primarily due to employee costs associated with a 4% increase in headcount and to an increase in professional services fees (fees for accounting, legal and business consultants). Also impacting the increase was growth in travel and lodging expenses (including the cost of aircraft fuel). General and administrative costs remained at 6% of total revenue for both fiscal years.

INTEREST INCOME (EXPENSE)

Interest income decreased 37% from \$3,406 to \$2,145 due primarily to lower average invested balances coupled with lower interest rates on invested balances. Interest expense increased 10% from \$1,757 to \$1,928 due to higher average outstanding borrowings on the revolving bank credit facilities.

PROVISION FOR INCOME TAXES

The provision for income taxes was \$59,139 or 36.0% of income before income taxes in fiscal 2008 compared with \$56,033 or 34.7% of income before income taxes fiscal 2007. The increase was due to the renewal of the Research and Experimentation Credit ("R&E Credit"), during fiscal year 2007, retroactive to January 1, 2006. Renewal of this credit had a significant tax benefit in fiscal year 2007 since retroactive renewal required the recording of an additional six months of credit during fiscal year 2007 related to fiscal year 2006. In addition, the R&E Credit expired as of December 31, 2007, which also contributed to the increase in the tax rate for fiscal year 2008.

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations remained relatively flat, moving from \$105,644, or \$1.15 per diluted share in fiscal 2007 to \$105,287, or \$1.17 per diluted share in fiscal 2008.

DISCONTINUED OPERATIONS

Loss on discontinued operations, net of taxes, was \$1,065 for fiscal 2008. The loss included a loss on the sale of Banc Insurance Services, Inc. and Banc Insurance Agency, Inc. of \$2,718, and a \$1,457 loss on the operations of the two companies. The income tax benefit on the loss amount was \$3,110. The loss on operations of the disposed companies for fiscal 2007 included a loss from operations of \$1,474, netted with the income tax benefit of \$511.

FISCAL 2007 COMPARED TO FISCAL 2006

Fiscal 2007 showed strong growth in support and service revenues and improved gross and operating margins, tempered somewhat by decreases in software license revenues. This performance allowed us to leverage a 13% increase in total revenue to a 16% increase in net income.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
License	\$ 76,403	\$ 84,014	-9%
Percentage of total revenue	11%	14%	

License revenue represents the delivery and acceptance of application software systems contracted by us with the customer. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution location.

License revenue decreased by \$7,611 compared to last fiscal year mainly due to a decrease in the number of new license agreements and an overall decrease in the average transaction size in comparison to the prior fiscal year. When compared with last year, many of our software solutions experienced a decrease in license revenue. Those products that had the most significant decreases included Yellow Hammer Fraud Detective™ (our fraud detection/prevention solution), Silverlake® (our flagship core software solution for larger banks), NetTeller Online Banking™ (our bank-branded internet banking solution), and Episys® (our flagship core software solution for larger credit unions). A significant portion of the decrease in license revenue can be attributed to the continuing shift in demand from banks and credit unions toward our outsourcing services from an in-house delivery, which do not require software license agreements. Another contributing factor is the market penetration we have with several of our products including Episys and NetTeller which has caused us to anticipate reduced license sales for these products compared to prior years.

Support and Service Revenue

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
Support and service	\$ 501,722	\$ 424,333	+18%
Percentage of total revenue	75%	72%	
Year Over Year Change	<u>\$ Change</u>	<u>% Change</u>	

In-House Support & Other Services	\$	21,111	11%
EFT Support		28,879	38%
Outsourcing Services		15,957	16%
Implementation Services		11,442	24%
Total Increase	\$	77,389	

Support and service revenues are generated from implementation services (including conversion, installation, configuration and training), annual support to assist the customer in operating their systems and to enhance and update the software, outsourced data processing services and EFT support services.

There was strong growth in all of the support and service revenue components. In-house support and other services increased partially as a result of increased implementations of recently acquired products. In addition, because annual maintenance fees are based on supported institutions' asset size, in-house support revenues increase as our customers' assets grow. EFT support, which includes ATM/debit card processing, on-line bill pay, remote deposit capture and Check 21 transaction processing services, experienced the largest percentage and dollar growth. Outsourcing services for banks and credit unions also continue to drive revenue growth at a strong pace as we add new bank and credit union customers and increase volume. Implementation services revenue increased during the year primarily due to an increase in the number of in-house implementations, as well as an increase in merger conversions for existing customers that acquired other financial institutions.

Hardware Revenue

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
Hardware	\$ 88,342	\$ 82,530	+7%
Percentage of total revenue	13%	14%	

The Company has entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware, hardware maintenance and related services to our customers. Revenue related to hardware sales is recognized when the hardware is shipped to our customers.

Hardware revenue increased mainly due to an increase in the number of hardware systems and components delivered in the year compared to last fiscal year. In particular, there has been a significant increase in revenue from hardware components used in our remote deposit capture product for imaging and exchanging of checks.

COST OF SALES AND GROSS PROFIT

Cost of license represents the cost of software from third party vendors through remarketing agreements. These costs are recognized when license revenue is recognized. Cost of support and service represents costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item centers providing services for our outsourced customers, EFT processing services and direct operating costs. These costs are recognized as they are incurred.

Cost of hardware consists of the direct and related costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs are recognized at the same time as the related hardware revenue is recognized. Ongoing operating costs to provide support to our customers are recognized as they are incurred.

Cost of Sales and Gross Profit

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
Cost of License	\$ 4,277	\$ 2,717	+57%
Percentage of total revenue	<1%	<1%	
License Gross Profit	\$ 72,126	\$ 81,297	-11%
Gross Profit Margin	94%	97%	
Cost of support and service	\$ 309,919	\$ 270,485	+15%
Percentage of total revenue	47%	46%	
Support and Service Gross Profit	\$ 191,803	\$ 153,848	+25%
Gross Profit Margin	38%	36%	
Cost of hardware	\$ 65,469	\$ 60,658	+8%
Percentage of total revenue	10%	10%	
Hardware Gross Profit	\$ 22,873	\$ 21,872	+5%
Gross Profit Margin	26%	27%	
TOTAL COST OF SALES	\$ 379,665	\$ 333,860	+14%
Percentage of total revenue	57%	57%	

TOTAL GROSS PROFIT	\$	286,802	\$	257,017	+12%
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Gross Profit Margin		43%		43%	
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Cost of license increased for the fiscal year due to greater third party reseller agreement software vendor costs. Gross profit margin on license revenue decreased because a larger percentage of the revenue from licenses was attributable to these sales under reseller agreements where the gross margins are significantly lower than on our owned products. Cost of support and service increased for the year primarily due to additional personnel costs (including an 8% increase in headcount), costs related to the expansion of infrastructure (including depreciation, amortization, and maintenance contracts) and increases in the direct costs of providing services (such as transaction processing charges) as compared to last year. The gross profit margin increased to 38% from 36% in support and service, primarily due to a shift in sales mix toward services with higher margins, such as our EFT Support services. Cost of hardware increased for the year, in line with the increase in hardware sales. Hardware gross profit margin decreased slightly due to lower vendor rebates received during the year compared to the prior year. Incentives and rebates received from vendors fluctuate quarterly and annually due to changing thresholds established by the vendors.

OPERATING EXPENSES

Selling and Marketing

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
Selling and marketing	\$ 50,195	\$ 49,126	+2%
Percentage of total revenue	8%	8%	

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conduct our sales efforts for our market segments, and are overseen by regional sales managers. Our sales executives are responsible for pursuing lead generation activities for new core customers. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services.

For the 2007 fiscal year, the selling and marketing expenses increase was due to growth in personnel costs, particularly commission expenses. Selling and Marketing expenses remained steady for both years at 8% of total revenue.

Research and Development

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
Research and development	\$ 35,962	\$ 31,874	+13%

Percentage of total revenue 5% 5%

We devote significant effort and expense to develop new software, to service products and to continually upgrade and enhance our existing offerings. Typically, we upgrade our various core and complementary software applications once per year. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer-driven.

Research and development expenses grew primarily due to employee costs associated with a 13% increase in headcount for ongoing development of new products and enhancements to existing products. Research and development expenses remained at 5% of total revenue for both fiscal years.

General and Administrative

	Year Ended June 30,		% Change
	<u>2007</u>	<u>2006</u>	
General and administrative	\$ 40,617	\$ 35,196	+15%
Percentage of total revenue	6%	6%	

General and administrative costs include all expenses related to finance, legal, human resources, plus all administrative costs. General and administrative expense increased primarily due to employee costs associated with a 3% increase in headcount and increased expenses related to stock options. In addition, during the first half of fiscal 2006, a new accounting system was being actively developed and a percentage of salaries were being capitalized. Also impacting the increase was growth in overhead related costs such as insurance, depreciation and amortization, professional services and maintenance contracts. General and administrative costs remained at 6% of total revenue for both fiscal years.

INTEREST INCOME (EXPENSE)

Interest income increased 65% from \$2,066 to \$3,406 due primarily to larger invested balances coupled with higher interest rates on invested balances. Interest expense increased 30% from \$1,355 to \$1,757 due to borrowings on the revolving bank credit facilities.

PROVISION FOR INCOME TAXES

The provision for income taxes was \$56,033 or 34.7% of income before income taxes in fiscal 2007 compared with \$50,669 or 35.8% of income before income taxes fiscal 2006. The decrease in the percentage for fiscal 2007 is primarily due to the renewal of the Research and Experimentation Credit retroactive to January 1, 2006, which required the recording of an additional six months of credit during fiscal year 2007 related to fiscal year 2006. This created a significant tax benefit (approximately \$3,000 additional benefit over the prior year) for fiscal 2007.

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations increased 16% from \$90,863, or \$0.97 per diluted share in fiscal 2006 to \$105,643, or \$1.16 per diluted share in fiscal 2007.

Business Segment Discussion

Bank Systems and Services

	2008	% Change	2007	% Change	2006
Revenue	\$ 616,390	+11%	\$ 555,861	+15%	\$ 481,558
Gross Profit	\$ 255,870	+5%	\$ 244,788	+14%	\$ 215,387
Gross Profit Margin	42%		44%		45%

In fiscal 2008, the revenue increase in the bank systems and services business segment is primarily due to continued growth in support and service revenue, particularly EFT support which experienced 29% revenue growth and in-house support which experienced 16% revenue growth. The growth in these components was partially offset by a 13% decrease in license revenue. Gross profit margin decreased as the mix of revenue shifted away from license revenue (which carries the largest margins) toward support and service revenue. Hardware revenue decreased by 2%; however, a shift in sales mix during fiscal 2008 compared to fiscal 2007 led to a slightly higher hardware margin.

In fiscal 2007, the revenue increase in the bank systems and services business segment was primarily due to continued growth in support and service revenue, particularly EFT support which experienced 40% revenue growth. Gross profit margin remained flat as growth generated by increasing EFT support revenue, which carries higher margins than other components of support and service revenue, was offset by decreasing license profit margin. Profit from license revenue decreased due to both a decrease in revenue and to an increase in the number of sales that were subject to third party seller agreements. Hardware revenue increased by 11%; however, lower vendor rebates during fiscal 2007 compared to fiscal 2006 led to a slightly lower hardware margin.

Credit Union Systems and Services

	2008	% Change	2007	% Change	2006
Revenue	\$ 126,536	+14%	\$ 110,606	+1%	\$ 109,319
Gross Profit	\$ 51,356	+22%	\$ 42,014	+1%	\$ 41,630
Gross Profit Margin	41%		38%		38%

In fiscal 2008, revenues in the credit union systems and services business segment increased 14% from fiscal 2007. All revenue components within the segment experienced growth during fiscal 2008. License revenue generated the largest dollar growth in revenue as Episys®, our flagship core processing system aimed at larger credit unions, experienced strong sales throughout the year. Support and service revenue, which is the largest component of total revenues for the credit union segment, experienced growth in EFT support (34%) and in in-house support (10%). Gross profit in this business segment increased \$9,344 in fiscal 2008 compared to fiscal 2007, due primarily to the increase in license revenue, which carries the highest margins.

In fiscal 2007, revenues in the credit union systems and services business segment increased slightly from fiscal 2006. This increase is mainly due to growth in support and service revenue, mostly offset by decreases in license and hardware revenue. Support and service revenue, which is the largest component of total revenues for the credit union segment, experienced growth in EFT support (26%) and in outsourcing revenue (24%). Gross profit in this business segment remained flat in fiscal 2007 compared to fiscal 2006.

Liquidity and Capital Resources

We have historically generated positive cash flow from operations and have generally used funds generated from operations and short-term borrowings on our revolving credit facility to meet capital requirements. We expect this trend to continue in the future.

The Company's cash and cash equivalents decreased to \$65,565 at June 30, 2008 from \$88,617 at June 30, 2007.

The following table summarizes net cash from operating activities in the statement of cash flows:

	Year ended June 30,		
	2008	2007	2006
Net income	\$ 104,222	\$ 104,681	\$ 89,923
Non-cash expenses	70,420	56,348	52,788
Change in receivables	(2,913)	(28,853)	30,413
Change in deferred revenue	5,100	24,576	10,561
Change in other assets and liabilities	4,172	17,495	(14,247)
Net cash from operating activities	\$ 181,001	\$ 174,247	\$ 169,438

Cash provided by operations increased \$6,754 to \$181,001 for the fiscal year ended June 30, 2008 as compared to \$174,247 for the fiscal year ended June 30, 2007. This increase is primarily attributable to an increase in expenses that do not have a corresponding cash outflow, such as depreciation and amortization, as a percentage of total net income.

Cash used in investing activities for the fiscal year ended June 2008 was \$102,148 and includes payments for acquisitions of \$48,109, plus \$1,215 in contingent consideration paid on prior years' acquisitions. During fiscal 2007, payments for acquisitions totaled \$34,006, plus \$5,301 paid on earn-outs and other acquisition adjustments. Capital expenditures for fiscal 2008 were \$31,105 compared to \$34,202 for fiscal 2007. Cash used for software development in fiscal 2008 was \$23,736 compared to \$20,743 during the prior year.

Net cash used in financing activities for the current fiscal year was \$101,905 and includes the repurchase of 4,200 shares of our common stock for \$100,996, the payment of dividends of \$24,683 and \$429 net repayment on our revolving credit facilities. Cash used in financing activities was partially offset by proceeds of \$20,394 from the exercise of stock options and the sale of common stock and \$3,809 excess tax benefits from stock option exercises. During fiscal 2007, net cash used in financing activities included the repurchase of our common stock for \$98,413 and the payment of dividends of \$21,685. As in the current year, cash used in fiscal 2007 was partially offset by proceeds from the exercise of stock options and the sale of common stock of \$29,212, \$4,640 excess tax benefits from stock option exercises and \$19,388 net borrowings on revolving credit facilities.

At June 30, 2008, the Company had negative working capital of \$11,418; however, the largest component of current liabilities was deferred revenue of \$212,375. The cash outlay necessary to provide the services related to these deferred revenues is significantly less than this recorded balance. Therefore, we do not anticipate any liquidity problems to result from this condition.

US financial markets and many of the largest US financial institutions have recently been shaken by negative developments in the home mortgage industry and the mortgage markets, and particularly the markets for subprime mortgage-backed securities. While we believe it is too early to predict what effect, if any, these developments may have, we have not experienced any significant issues with our current collection efforts, and we believe that any future impact to our liquidity would be minimized by our access to available lines of credit.

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves of short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2007, there were 7,101 shares in treasury stock and the Company had the remaining authority to repurchase up to 2,890 shares. On February 4, 2008, the Company's Board of Directors approved a 5,000 share increase to the stock repurchase authorization. On August 25, 2008, subsequent to the fiscal year 2008 ending, the Company's Board of Directors approved an additional 5,000 share increase to the stock repurchase authorization. During fiscal 2008, the Company repurchased 4,200 shares for \$100,996. The total cost of treasury shares at June 30, 2008 is \$251,180. At June 30, 2008, there were 11,301 shares in treasury stock and the Company had the authority to repurchase up to 3,690 additional shares.

Subsequent to June 30, 2008, the Company's Board of Directors declared a cash dividend of \$.075 per share on its common stock payable on September 19, 2008, to stockholders of record on September 5, 2008. Current funds from operations are adequate for this purpose. The Board has indicated that it plans to continue paying dividends as long as the Company's financial picture continues to be favorable.

The Company renewed a bank credit line on April 28, 2008 which provides for funding of up to \$5,000 and bears interest at the bank's prime rate less 1% (4.00%

at June 30, 2008). The credit line matures on April 29, 2010. At June 30, 2008, no amount was outstanding.

The Company renewed a credit line on March 7, 2008 which provides for funding of up to \$8,000 and bears interest at the Federal Reserve Board's prime rate (5.00%

at June 30, 2008). The credit line expires March 7, 2009 and is secured by \$1,000 of investments. There were no outstanding amounts at June 30, 2008.

An unsecured revolving bank credit facility allows short-term borrowings of up to \$150,000, which may be increased by the Company at any time until maturity to \$225,000. The unsecured revolving bank credit facility bears interest at a rate equal to (a) LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5% or (b) the Prime Rate), plus an applicable percentage in each case determined by the Company's leverage ratio. The unsecured revolving credit line terminates May 31, 2012. At June 30, 2008, the outstanding revolving bank credit facility balance was \$70,000. This outstanding balance bears interest at a weighted average rate of 3.11%.

The Company has entered into various capital lease obligations for the use of certain computer equipment. Included in property and equipment are related assets of \$1,169, less accumulated depreciation of \$651. At June 30, 2008, \$201 was outstanding, of which \$177 was included in current maturities. Maturities of capital lease payments by fiscal year are \$177 in fiscal 2009 and \$24 in fiscal 2010.

Contractual Obligations and Other Commitments

At June 30, 2008 the Company's total off balance sheet contractual obligations were \$30,240. This balance consists of \$28,496 of long-term operating leases for various facilities and equipment which expire from 2008 to 2017 and the remaining \$1,744 is for purchase commitments related to property and equipment. The Company also has contingent earn-out obligations of up to \$12,752 to the sellers in an acquisition completed during fiscal year 2005 and an acquisition completed in fiscal 2008. These amounts are payable over the next two years based upon net operating income achieved by the individual acquired business units. The table excludes \$4,793 of liabilities under the Financial Accounting Standards Board's Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," as we are unable to reasonably estimate the ultimate amount or timing of settlement.

Contractual obligations by period as of June 30, 2008	Less than			More than		TOTAL
	1 year	1-3 years	3-5 years	5 years		

Operating lease obligations	\$	\$8,389	\$	\$10,393	\$	\$4,623	\$	\$5,091	\$	\$28,496
Capital lease obligations		177		24		-		-		201
Note payable, including accrued interest		70,183		-		-		-		70,183
Purchase obligations		1,744		-		-		-		1,744
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Total	\$	80,493	\$	10,417	\$	4,623	\$	5,091	\$	100,624
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RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement on Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP and requires enhanced disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning July 1, 2008. We do not anticipate that the adoption of this Standard will have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including and amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 expands the use of fair value accounting but does not affect existing standards which require assets or liabilities to be carried at fair value. Under SFAS 159, a company may elect to use fair value to measure its financial assets and liabilities. If the use of fair value is elected, any upfront costs and fees related to the item must be recognized in earnings and cannot be deferred. The fair value election is irrevocable and generally made on an instrument-by-instrument basis, even if a company has similar instruments that it elects not to measure based on fair value. At the adoption date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to retained earnings. Subsequent to the adoption of SFAS 159, changes in fair value are recognized in earnings. SFAS 159 is effective for the Company beginning July 1, 2008. The adoption of this Standard did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "*Business Combinations*," ("SFAS 141(R)") which replaces SFAS No. 141. SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquire and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for the Company on July 1, 2009. SFAS 141(R) will have an impact on the Company's accounting for business combinations on a prospective basis once adopted; however, the materiality of that impact cannot be determined.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The significant accounting policies are discussed in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, as well as disclosure of contingent assets and liabilities. We base our estimates and judgments upon historical experience and other factors believed to be reasonable under the circumstances. Changes in estimates or assumptions could result in a material adjustment to the consolidated financial statements.

We have identified several critical accounting estimates. An accounting estimate is considered critical if both: (a) the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment involved, and (b) the impact of changes in the estimates and assumptions would have a material effect on the consolidated financial statements.

Revenue Recognition

We recognize revenue in accordance with the provisions of Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended by SOP 98-9, "Software Revenue Recognition, with Respect to Certain Transactions," and clarified by Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements," SAB 104, "Revenue Recognition," and Emerging Issues Task Force Issue No. 00-21 ("EITF 00-21"), "Accounting for Revenue Arrangements with Multiple Deliverables." The application of these pronouncements requires judgment, including whether a software arrangement includes multiple elements, whether any elements are essential to the functionality of any other elements, and whether vendor-specific objective evidence ("VSOE") of fair value exists for those elements. Customers receive certain elements of our products over time. Changes to the elements in a software arrangement or in our ability to identify VSOE for those elements could materially impact the amount of earned and unearned revenue reflected in the financial statements.

License Fee Revenue.

For software license agreements that do not require significant modification or customization of the software, the Company recognizes software license revenue when persuasive evidence of an arrangement exists, delivery of the product has occurred, the license fee is fixed and determinable and collection is probable. The Company's software license agreements generally include multiple products and services or "elements." None of these elements alone are deemed to be essential to the functionality of the other elements. SOP 97-2, as amended by SOP 98-9, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on VSOE of fair value. Fair value is determined for license fees based upon the price charged when sold separately. In the event that we determine that VSOE does not exist for one or more of the delivered elements of a software arrangement, but does exist for all of the undelivered elements, revenue is recognized the residual method allowed by SOP 98-9. Under the residual method, a residual amount of the total arrangement fee is recognized as revenue for the delivered elements after the established fair value of all undelivered elements has been deducted.

Support and Service Fee Revenue.

Implementation services are generally for installation, training, implementation, and configuration. These services are not considered essential to the functionality of the related software. VSOE of fair value is established by pricing used when these services are sold separately. Generally revenue is recognized when services are completed. On certain larger implementations, revenue is recognized based on milestones during the implementation. Milestones are triggered by tasks completed or based on direct labor hours.

Maintenance support revenue is recognized pro-rata over the contract period, typically one year. VSOE of fair value is determined based on contract renewal rates.

Outsourced data processing services and ATM, debit card, and other transaction processing services revenues are recognized in the month the transactions were processed or the services were rendered.

Hardware Revenue:

Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. Some of our hardware revenues are derived under "arrangements" as defined by SOP 97-2. To the extent hardware revenue is subject to SOP 97-2 and is not deemed essential to the functionality of any of the other elements to the arrangement, it is recognized based on VSOE of fair value at the time of delivery. For these transactions, the Company follows the guidance provided in Emerging Issues Task Force Issue ("EITF") No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." Based upon the indicators provided within this consensus, the Company records the revenue related to our drop-ship transactions at gross and the related costs are included in cost of hardware. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Depreciation and Amortization Expense

The calculation of depreciation and amortization expense is based on the estimated economic lives of the underlying property, plant and equipment and intangible assets, which have been examined for their useful life and determined that no impairment exists. We believe it is unlikely that any significant changes to the useful lives of our tangible and intangible assets will occur in the near term, but rapid changes in technology or changes in market conditions could result in revisions to such estimates that could materially affect the carrying value of these assets and the Company's future consolidated operating results. All long lived assets are tested for valuation and potential impairment on a scheduled annual basis.

Capitalization of software development costs

We capitalize certain costs incurred to develop commercial software products and to develop or purchase internal-use software. Significant estimates and assumptions include: determining the appropriate period over which to amortize the capitalized costs

based on the estimated useful lives, estimating the marketability of the commercial software products and related future revenues, and assessing the unamortized cost balances for impairment. For commercial software products, determining the appropriate amortization period is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Estimates used to determine current and deferred income taxes

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We also must determine the likelihood of recoverability of deferred tax assets, and adjust any valuation allowances accordingly. Considerations include the period of expiration of the tax asset, planned use of the tax asset, and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in one or more of these factors. Also, FIN 48 requires significant judgment in determining what constitutes an individual tax position as well as assessing the outcome of each tax position. Changes in judgment as to recognition or measurement of tax positions can materially affect the estimate of the effective tax rate and consequently, affect our financial results.

Assumptions related to purchase accounting and goodwill

We account for our acquisitions using the purchase method of accounting. This method requires estimates to determine the fair values of assets and liabilities acquired, including judgments to determine any acquired intangible assets such as customer-related intangibles, as well as assessments of the fair value of existing assets such as property and equipment. Liabilities acquired can include balances for litigation and other contingency reserves established prior to or at the time of acquisition, and require judgment in ascertaining a reasonable value. Third party valuation firms may be used to assist in the appraisal of certain assets and liabilities, but even those determinations would be based on significant estimates provided by us, such as forecasted revenues or profits on contract-related intangibles. Numerous factors are typically considered in the purchase accounting assessments, which are conducted by Company professionals from legal, finance, human resources, information systems, program management and other disciplines. Changes in assumptions and estimates of the acquired assets and liabilities would result in changes to the fair values, resulting in an offsetting change to the goodwill balance associated with the business acquired.

As goodwill is not amortized, goodwill balances are regularly assessed for potential impairment. Such assessments require an analysis of future cash flow projections as well as a determination of an appropriate discount rate to calculate present values. Cash flow projections are based on management-approved estimates, which involve the input of numerous Company professionals from finance, operations and program management. Key factors used in estimating future cash flows include assessments of labor and other direct costs on existing contracts, estimates of overhead costs and other indirect costs, and assessments of new business prospects and projected win rates. Significant changes in the estimates and assumptions used in purchase accounting and goodwill impairment testing can have a material effect on the consolidated financial statements.

Forward Looking Statements

Except for the historical information contained herein, the matters discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations and other portions of this report contain forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, the matters detailed in "Risk Factors" in Item 1A of this report. Undue reliance should not be placed on the forward-looking statements. The Company does not undertake any obligation to publicly update any forward-looking statements.

Potential risks and uncertainties which could adversely affect the Company include: the financial health of the financial services industry, our ability to continue or effectively manage growth, adapting our products and services to changes in technology, changes in our strategic relationships, price competition, loss of key employees, consolidation in the banking or credit union industry, increased government regulation, network or internet security problems, operational problems in our outsourcing facilities and others listed in "Risk Factors" at Item 1A.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, volatilities, correlations or other market factors such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. We are currently exposed to credit risk on credit extended to customers and interest risk on investments in U.S. government securities.

We actively monitor these risks through a variety of controlled procedures involving senior management. We do not currently use any derivative financial instruments. Based on the controls in place, credit worthiness of the customer base and the relative size of these financial instruments, we believe the risk associated with these instruments will not have a material adverse effect on our consolidated financial position or results of operations.

Item 8. Financial Statements and Supplementary Data

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Financial Statement Schedules

There are no schedules included because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Jack Henry & Associates, Inc.
Monett, Missouri

We have audited the accompanying balance sheets of Jack Henry & Associates, Inc. and subsidiaries (the "Company") as of June 30, 2008 and 2007, and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the Company discontinued the insurance agency outsourcing component of its operations in June 2008 when it sold Banc Insurance Services, Inc. and Banc Insurance Agency, Inc. on June 30, 2008. The loss on sale and results prior to the sale are included in loss from discontinued operations in the accompanying financial statements.

As discussed in Note 7 to the financial statements, in fiscal 2008 the Company changed its method of accounting for income taxes to conform to FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109."

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2008, based on the criteria established in *Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission* and our report dated August 27, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2008

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Jack Henry & Associates, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements. All internal controls, no matter how well designed, have inherent limitations. Therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

As of the end of the Company's 2008 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control-Integrated Framework issued by*

the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined the Company's internal control over financial reporting as of June 30, 2008 was effective.

The Company's internal control over financial reporting as of June 30, 2008 has been audited by the Company's independent registered public accounting firm, as stated in their report appearing on the next page, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2008.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Jack Henry & Associates, Inc.
Monett, Missouri

We have audited the internal control over financial reporting of Jack Henry & Associates, Inc. and subsidiaries (the "Company") as of June 30, 2008, based on criteria established in *Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2008, based on the criteria established in *Internal Control-Integrated Framework issued by the Committee on Sponsoring Organizations of the Treadway Commission*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended June 30, 2008 of the Company and our report dated August 27, 2008 expressed an unqualified opinion and includes explanatory paragraphs relating to a change in accounting for income taxes and discontinued operations.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2008

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	YEAR ENDED JUNE 30,		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
REVENUE			
License	\$ 73,553	\$ 76,403	\$ 84,014
Support and service	580,334	501,722	424,333
Hardware	89,039	88,342	82,530
	<hr/>	<hr/>	<hr/>
Total	742,926	666,467	590,877
COST OF SALES			
Cost of license	6,698	4,277	2,717
Cost of support and service	364,140	309,919	270,485
Cost of hardware	64,862	65,469	60,658
	<hr/>	<hr/>	<hr/>
Total	435,700	379,665	333,860
	<hr/>	<hr/>	<hr/>
GROSS PROFIT	307,226	286,802	257,017
OPERATING EXPENSES			
Selling and marketing	55,916	50,195	49,126

Research and development	43,326	35,962	31,874
General and administrative	43,775	40,617	35,196
Total	143,017	126,774	116,196
OPERATING INCOME	164,209	160,028	140,821
INTEREST INCOME (EXPENSE)			
Interest income	2,145	3,406	2,066
Interest expense	(1,928)	(1,757)	(1,355)
Total	217	1,649	711
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	164,426	161,677	141,532
PROVISION FOR INCOME TAXES	59,139	56,033	50,669
INCOME FROM CONTINUING OPERATIONS	105,287	105,644	90,863
DISCONTINUED OPERATIONS			
(Note 12)			
Loss from operations of discontinued component (including loss on disposal of \$2,718)	(4,175)	(1,474)	(1,464)
Income tax benefit	3,110	511	524
Loss on discontinued operations	(1,065)	(963)	(940)

NET INCOME	\$ 104,222	\$ 104,681	\$ 89,923
	<hr/>	<hr/>	<hr/>
Continuing operations	\$ 1.17	\$ 1.15	\$ 0.97
Discontinued operations	(0.01)	(0.01)	(0.01)
	<hr/>	<hr/>	<hr/>
Diluted net income per share	\$ 1.16	\$ 1.14	\$ 0.96
	<hr/>	<hr/>	<hr/>
Diluted weighted average shares outstanding	89,702	92,032	93,787
	<hr/>	<hr/>	<hr/>
Continuing operations	\$ 1.19	\$ 1.17	\$ 0.99
Discontinued operations	(0.01)	(0.01)	(0.01)
	<hr/>	<hr/>	<hr/>
Basic net income per share	\$ 1.18	\$ 1.16	\$ 0.98
	<hr/>	<hr/>	<hr/>
Basic weighted average shares outstanding	88,270	90,155	91,484

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share and Per Share Data)

JUNE 30,

2008

2007

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	65,565	\$	88,617
Investments, at amortized cost		997		989
Receivables		213,947		209,242
Prepaid expenses and other		25,143		24,130
Prepaid cost of product		19,515		24,147
Deferred income taxes		4,590		3,260
		<hr/>		<hr/>
Total current assets		329,757		350,385

PROPERTY AND EQUIPMENT, net**239,005** **249,882****OTHER ASSETS:**

Prepaid cost of product		9,584		15,009
Computer software, net of amortization		74,943		59,190
Other non-current assets		10,564		10,754
Customer relationships, net of amortization		63,819		61,248
Trade names		3,999		4,009
Goodwill		289,373		248,863
		<hr/>		<hr/>
Total other assets		452,282		399,073

Total assets**\$ 1,021,044** **\$ 999,340**

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$	6,946	\$	11,481
Accrued expenses		35,996		34,920
Accrued income taxes		15,681		17,882
Note payable and current maturities of capital leases		70,177		70,503
Deferred revenues		212,375		195,691
Total current liabilities		341,175		330,477

LONG TERM LIABILITIES:

Deferred revenues		11,219		16,865
Deferred income taxes		61,710		53,290
Other long-term liabilities, net of current maturities		5,489		343
Total long term liabilities		78,418		70,498
Total liabilities		419,593		400,975

STOCKHOLDERS' EQUITY

Preferred stock - \$1 par value; 500,000 shares authorized, none issued		-		-
Common stock - \$0.01 par value: 250,000,000 shares authorized;				
Shares issued at 06/30/08 were 97,702,098				

Shares issued at 06/30/07 were 96,203,030	977	962
Additional paid-in capital	291,120	262,742
Retained earnings	560,534	484,845
Less treasury stock at cost		
11,301,045 shares at 06/30/08, 7,100,967 shares at 06/30/07	(251,180)	(150,184)
	-----	-----
Total stockholders' equity	601,451	598,365
	-----	-----
Total liabilities and stockholders' equity	\$ 1,021,044	\$ 999,340
	=====	=====

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousands, Except Share and Per Share Data)

	YEAR ENDED JUNE 30,		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
PREFERRED SHARES:	-	-	-
	-----	-----	-----
COMMON SHARES:			
Shares, beginning of year	96,203,030	93,955,663	92,050,778

Shares issued upon exercise of stock options	1,443,071	2,218,395	1,869,659
Shares issued for Employee Stock Purchase Plan	55,997	28,972	35,226
	<hr/>	<hr/>	<hr/>
Shares, end of year	97,702,098	96,203,030	93,955,663
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMON STOCK - PAR VALUE \$0.01 PER SHARE:

Balance, beginning of year	\$	962	\$	939	\$	920
Shares issued upon exercise of stock options		14		23		19
Shares issued for Employee Stock Purchase Plan		1		-		-
		<hr/>		<hr/>		<hr/>
Balance, end of year	\$	977	\$	962	\$	939
		<hr/>		<hr/>		<hr/>

ADDITIONAL PAID-IN CAPITAL:

Balance, beginning of year	\$	262,742	\$	224,195	\$	195,878
Shares issued upon exercise of stock options		19,151		28,557		19,909
Shares issued for Employee Stock Purchase Plan		1,228		632		694
Tax benefit on exercise of stock options		6,555		8,355		7,260
Stock-based compensation expense		1,444		1,003		454
		<hr/>		<hr/>		<hr/>
Balance, end of year	\$	291,120	\$	262,742	\$	224,195
		<hr/>		<hr/>		<hr/>

RETAINED EARNINGS:

Balance, beginning of year	\$	484,845	\$	401,849	\$	330,308
Net income		104,222		104,681		89,924

FASB Interpretation No. 48 transition amount	(3,850)	-	-
Dividends (2008-\$0.28 per share; 2007-\$0.24 per share; 2006-\$0.20 per share)	(24,683)	(21,685)	(18,383)
Balance, end of year	\$ 560,534	\$ 484,845	\$ 401,849

TREASURY STOCK:

Balance, beginning of year	\$ (150,184)	\$ (51,771)	\$ (9,952)
Purchase of treasury shares	(100,996)	(98,413)	(41,819)
Balance, end of year	\$ (251,180)	\$ (150,184)	\$ (51,771)

TOTAL STOCKHOLDERS' EQUITY	\$ 601,451	\$ 598,365	\$ 575,212
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See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

YEAR ENDED JUNE 30,

2008 2007 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$	104,222	\$	104,681	\$	89,923
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Adjustments to reconcile net income from operations

to cash from operating activities:

Depreciation		40,195		36,427		33,442
Amortization		21,811		14,527		10,332
Deferred income taxes		5,320		4,239		8,291
Expense for stock-based compensation		1,444		1,003		454
Loss on property and equipment (including 6/30/08 loss on discontinued operations)		1,683		167		269
Other, net		(33)		(15)		-

Changes in operating assets and liabilities, net of acquisitions:

Receivables		(2,913)		(28,853)		30,413
Prepaid expenses, prepaid cost of product, and other		9,670		(2,987)		(18,624)
Accounts payable		(4,951)		(3,050)		(1,636)
Accrued expenses		541		5,667		3,450
Income taxes		(1,088)		17,865		2,563
Deferred revenues		5,100		24,576		10,561

Net cash from operating activities

181,001	174,247	169,438
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CASH FLOWS FROM INVESTING ACTIVITIES:

Payment for acquisitions, net of cash acquired	(49,324)	(39,307)	(20,745)
Capital expenditures	(31,105)	(34,202)	(45,396)
Purchase of investments	(1,975)	(3,603)	(4,519)
Proceeds from sale of property and equipment	2,098	25	4,255
Proceeds from investments	2,000	4,810	5,037
Computer software developed	(23,736)	(20,743)	(16,079)
Other, net	(106)	109	257
	<hr/>	<hr/>	<hr/>
Net cash from investing activities	(102,148)	(92,911)	(77,190)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuance of common stock upon			
exercise of stock options	19,165	28,580	19,928
Proceeds from sale of common stock, net	1,229	632	694
Borrowings under lines of credit	145,097	115,595	108,062
Repayments under lines of credit	(145,526)	(96,207)	(102,942)
Excess tax benefits from stock-based compensation	3,809	4,640	4,743
Purchase of treasury stock	(100,996)	(98,413)	(41,819)
Dividends paid	(24,683)	(21,685)	(18,383)
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	(101,905)	(66,858)	(29,717)
	<hr/>	<hr/>	<hr/>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$	(23,052)	\$	14,478	\$	62,531
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$	88,617	\$	74,139	\$	11,608
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	65,565	\$	88,617	\$	74,139

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands, Except Per Share Amounts)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE COMPANY

Jack Henry & Associates, Inc. and Subsidiaries ("JHA" or the "Company") is a leading provider of integrated computer systems and services that has developed and acquired a number of banking and credit union software systems. The Company's revenues are predominately earned by marketing those systems to financial institutions nationwide together with computer equipment (hardware) and by providing the conversion and software implementation services for financial institutions to utilize JHA software systems, and by providing other related services. JHA provides continuing support and services to customers using in-house or outsourced systems.

CONSOLIDATION

The consolidated financial statements include the accounts of JHA and all of its subsidiaries, which are wholly-owned, and all significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company derives revenue from the following sources: license fees, support and service fees and hardware sales. There are no rights of return, condition of acceptance or price protection in the Company's sales contracts.

License Fee Revenue:

For software license agreements that do not require significant modification or customization of the software, the Company recognizes software license revenue when persuasive evidence of an arrangement exists, delivery of the product has occurred, the license fee is fixed and determinable and collection is probable. The Company's software license agreements generally include multiple products and services or "elements." None of these elements are deemed to be essential to the functionality of the other elements. Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on vendor-specific objective evidence

("VSOE") of fair value. Fair value is determined for license fees based upon the price charged when sold separately or, if the product is not yet sold separately, the price determined by management with relevant authority. In the event that we determine that VSOE does not exist for one or more of the delivered elements of a software arrangement, but does exist for all of the undelivered elements, revenue is recognized using the residual method allowed by SOP 98-9, "Software Revenue Recognition, with Respect to Certain Transactions". Under the residual method, a residual amount of the total arrangement fee is recognized as revenue for the delivered elements after the established fair value of all undelivered elements has been deducted.

Support and Service Fee Revenue:

Implementation services are generally for installation, training, implementation, and configuration. These services are not considered essential to the functionality of the related software. VSOE of fair value is established by pricing used when these services are sold separately or, if the services are not yet sold separately, the price determined by management with relevant authority. Generally revenue is recognized when services are completed. On certain larger implementations, revenue is recognized based on milestones during the implementation. Milestones are triggered by tasks completed or based on direct labor hours.

Maintenance support revenue is recognized pro-rata over the contract period, typically one year. VSOE of fair value is determined based on contract renewal rates.

Outsourced data processing and ATM, debit card, and other transaction processing services revenue is recognized in the month the transactions are processed or the services are rendered.

Hardware Revenue:

Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. Some of our hardware revenues are derived under "arrangements" as defined by SOP 97-2. To the extent hardware revenue is subject to SOP 97-2 and is not deemed essential to the functionality of any of the other elements to the arrangement, it is recognized based on VSOE of fair value at the time of delivery. For these transactions, the Company follows the guidance provided in Emerging Issues Task Force Issue ("EITF") No. 99-19, "*Reporting Revenue Gross as a Principal versus Net as an Agent.*" Based upon the indicators provided within this consensus, the Company records the revenue related to our drop-ship transactions at gross and the related costs are included in cost of hardware. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

PREPAID COST OF PRODUCT

Costs for remarketed hardware and software maintenance contracts, which are prepaid, are recognized ratably over the life of the contract, generally one to five years, with the related revenue amortized from deferred revenues.

DEFERRED REVENUES

Deferred revenues consist primarily of prepaid annual software support fees and prepaid hardware maintenance fees. Hardware maintenance contracts are multi-year; therefore, the deferred revenue and maintenance are classified in accordance with the terms of the contract. Software and hardware deposits received are also reflected as deferred revenues.

COMPUTER SOFTWARE DEVELOPMENT

The Company capitalizes new product development costs incurred from the point at which technological feasibility has been established through the point at which the product is ready for general availability. Software development costs that are capitalized are evaluated on a product-by-product basis annually and are assigned an estimated economic life based on the type of product, market characteristics, and maturity of the market for that particular product. The Company's amortization policy for these capitalized costs is to amortize the costs in accordance with SFAS No. 86, "*Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*". Generally, these costs are amortized based on current and estimated future revenue from the product or on a straight-line basis, whichever yields greater amortization expense.

CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

INVESTMENTS

The Company invests its cash that is not required for current operations primarily in U.S. government securities and money market accounts. The Company has the positive intent and ability to hold its debt securities until maturity and accordingly, these securities are classified as held-to-maturity and are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the level-yield method over the period to maturity. The held-to-maturity securities typically mature in less than one year. Interest on investments in debt securities is included in income when earned.

The amortized cost of held-to-maturity securities is \$997 and \$989 at June 30, 2008 and 2007, respectively. Fair values of these securities did not differ significantly from amortized cost due to the nature of the securities and minor interest rate fluctuations during the periods.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is stated at cost and depreciated principally using the straight-line method over the estimated useful lives of the assets.

Intangible assets consist of goodwill, customer relationships, computer software, and trade names acquired in business acquisitions in addition to internally developed computer software. The amounts are amortized, with the exception of goodwill and trade names, over an estimated economic benefit period, generally five to twenty years, using the straight-line method.

The Company reviews its long-lived assets and identifiable intangible assets with finite lives for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. The Company evaluates goodwill and trade names for impairment of value on an annual basis as of January 1 and between annual tests if events or changes in circumstances indicate that the asset might be impaired.

COMPREHENSIVE INCOME

Comprehensive income for each of the years ended June 30, 2008, 2007 and 2006 equals the Company's net income.

BUSINESS SEGMENT INFORMATION

In accordance with SFAS No. 131, *"Disclosure About Segments of an Enterprise and Related Information"*, the Company's operations are classified as two business segments: bank systems and services and credit union systems and services (see Note 14). Revenue by type of product and service is presented on the face of the consolidated statements of income. Substantially all the Company's revenues are derived from operations and assets located within the United States of America.

COMMON STOCK

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2007, there were 7,101 shares in treasury stock and the Company had the remaining authority to repurchase up to 2,890 shares. On February 4, 2008, the Company's Board of Directors approved a 5,000 share increase to the stock repurchase authorization. On August 25, 2008, subsequent to the fiscal year 2008 ending, the Company's Board of Directors approved an additional 5,000 share increase to the stock repurchase authorization. During fiscal 2008, the Company repurchased 4,200 shares for \$100,996. The total cost of treasury shares at June 30, 2008 is \$251,180. At June 30, 2008, there were 11,301 shares in treasury stock and the Company had the authority to repurchase up to 3,690 additional shares.

INCOME PER SHARE

Per share information is based on the weighted average number of common shares outstanding during the year. Stock options have been included in the calculation of income per diluted share to the extent they are dilutive. The difference between basic and diluted weighted average shares outstanding is the dilutive effect of outstanding stock options (see Note 10).

INCOME TAXES

Deferred tax liabilities and assets are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

On July 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48") - *"Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109,"* which provides a

financial statement recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. Under FIN 48, the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based upon the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement on Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP and requires enhanced disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning July 1, 2008. We do not anticipate that the adoption of this Standard will have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including and amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 expands the use of fair value accounting but does not affect existing standards which require assets or liabilities to be carried at fair value. Under SFAS 159, a company may elect to use fair value to measure its financial assets and liabilities. If the use of fair value is elected, any upfront costs and fees related to the item must be recognized in earnings and cannot be deferred. The fair value election is irrevocable and generally made on an instrument-by-instrument basis, even if a company has similar instruments that it elects not to measure based on fair value. At the adoption date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to retained earnings. Subsequent to the adoption of SFAS 159, changes in fair value are recognized in earnings. SFAS 159 is effective for the Company beginning July 1, 2008. The adoption of this Standard did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "*Business Combinations*," ("SFAS 141(R)") which replaces SFAS No. 141. SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquire and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for the Company on July 1, 2009. SFAS 141(R) will have an impact on the Company's accounting for business combinations on a prospective basis once adopted; however, the materiality of that impact cannot be determined.

NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values for held-to-maturity securities are based on quoted market prices. For all other financial instruments, including amounts receivable or payable and short-term and long-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities and the variability of the interest rates on the borrowings.

NOTE 3: PROPERTY AND EQUIPMENT

The classification of property and equipment, together with their estimated useful lives is as follows:

	June 30,		Estimated Useful Life
	2008	2007	
Land	\$ 24,411	\$ 24,421	
Land improvements	19,826	19,809	5-20 years
Buildings	97,594	96,722	25-30 years

Leasehold improvements	21,995	20,838	5-10 years ⁽¹⁾
Equipment and furniture	179,613	155,455	5-8 years
Aircraft and equipment	38,874	42,152	8-10 years
Construction in progress	4,995	7,497	
	<hr/>	<hr/>	
	387,308	366,894	
Less accumulated depreciation	148,303	117,012	
	<hr/>	<hr/>	
Property and equipment, net	\$ 239,005	\$ 249,882	
	<hr/> <hr/>	<hr/> <hr/>	

1)

Lesser of lease term or estimated useful life

The Company had no material commitments to purchase property and equipment at June 30, 2008 or 2007. At June 30, 2008, property and equipment included \$455 that was in accrued liabilities. This amount was excluded from capital expenditure on the statement of cash flows.

NOTE 4: OTHER ASSETS

Changes in the carrying amount of goodwill for the years ended June 30, 2008 and 2007, by reportable segments, are:

	Banking	Credit Union	
	Systems and	Systems and	
	Services	Services	Total
	<hr/>	<hr/>	<hr/>
Balance, as of July 1, 2006	\$ 187,740	\$ 24,798	\$ 212,538
Goodwill acquired during the year	36,325	-	36,325
	<hr/>	<hr/>	<hr/>
Balance, as of June 30, 2007	224,065	24,798	248,863
Goodwill acquired during the year	40,510	-	40,510
	<hr/>	<hr/>	<hr/>

Balance, June 30, 2007	77,367	(18,177)	59,190
Acquired software	5,728	-	5,728
Capitalized development cost	23,736	-	23,736
Disposals	(2,199)	1,993	(206)
Amortization expense	-	(13,505)	(13,505)
Balance, June 30, 2008	\$ 104,632	\$ (29,689)	\$ 74,943

Amortization expense for all intangible assets was \$21,811, \$14,527 and \$10,332 for the fiscal years ended June 30, 2008, 2007, and 2006, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2008, is as follows:

Year	Customer		
	Relationships	Software	Total
2009	8,368	14,337	22,705
2010	8,236	13,236	21,472
2011	7,673	12,516	20,189
2012	6,647	8,328	14,975
2013	5,282	2,244	7,526

NOTE 5: DEBT

The Company renewed a bank credit line on April 28, 2008 which provides for funding of up to \$5,000 and bears interest at the bank's prime rate less 1% (4.00%

at June 30, 2008). The credit line matures on April 29, 2010. At June 30, 2008, no amount was outstanding.

The Company renewed a credit line on March 7, 2008 which provides for funding of up to \$8,000 and bears interest at the Federal Reserve Board's prime rate (5.00%

at June 30, 2008). The credit line expires March 7, 2009 and is secured by \$1,000 of investments. There were no outstanding amounts at June 30, 2008.

An unsecured revolving bank credit facility allows short-term borrowings of up to \$150,000, which may be increased by the Company at any time until maturity to \$225,000. The unsecured revolving bank credit facility bears interest at a rate equal to (a) LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5% or (b) the Prime Rate), plus an applicable percentage in each case determined by the Company's leverage ratio. The unsecured revolving credit line terminates May 31, 2012. At June 30, 2008, the outstanding revolving bank credit facility balance was \$70,000. This outstanding balance bears interest at a weighted average rate of 3.11%. This credit line is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of June 30, 2008, the Company was in compliance with all such covenants.

The Company has entered into various capital lease obligations for the use of certain computer equipment. Included in property and equipment are related assets of \$1,169, less accumulated depreciation of \$651. At June 30, 2008, \$201 was outstanding, of which \$177 was included in current maturities. Maturities of capital lease payments by fiscal year are \$177 in fiscal 2009 and \$24 in fiscal 2010.

The Company paid interest of \$2,521, \$1,975, and \$1,439 in 2008, 2007, and 2006 respectively. During fiscal 2008, the Company incurred a total of \$2,306 of interest, \$378 of which was capitalized.

NOTE 6: LEASE COMMITMENTS

The Company leases certain property under operating leases which expire over the next 10 years, but certain of the leases contain options to extend the lease term. All lease payments are based on the lapse of time but include, in some cases, payments for operating expenses and property taxes. There are no purchase options on real estate leases at this time, but most real estate leases have one or more renewal options. Certain leases on real estate are subject to annual escalations for increases in operating expenses and property taxes.

As of June 30, 2008, net future minimum lease payments are as follows:

Years Ending June 30,	Lease Payments
2009	8,389
2010	6,183
2011	4,210
2012	2,548
2013	2,075
Thereafter	5,091
Total	\$ 28,496

Rent expense was \$7,895, \$5,797, and \$5,372 in 2008, 2007, and 2006, respectively.

NOTE 7: INCOME TAXES

The provision for income taxes from continuing operations consists of the following:

Year ended June 30,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current:			
Federal	\$ 48,472	\$ 46,369	\$ 38,880
State	5,347	5,425	3,498
Deferred:			
Federal	4,972	4,080	7,831
State	348	159	460
	<u>\$ 59,139</u>	<u>\$ 56,033</u>	<u>\$ 50,669</u>

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	June 30,	
	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Deferred Revenue	\$ 6,286	\$ -
Expense reserves (bad debts, insurance, franchise tax and vacation)	2,670	2,688
Capital loss carryforward	2,168	-
Other, net	2,580	1,087

	13,704	3,775
<hr/>		
Deferred tax liabilities:		
Accelerated tax depreciation	(20,105)	(23,597)
Accelerated tax amortization	(45,359)	(30,208)
Other, net	(5,360)	-
	<hr/>	
	(70,824)	(53,805)
	<hr/>	
Net deferred tax liability	\$ (57,120)	\$ (50,030)
	<hr/> <hr/>	

The deferred taxes are classified on the balance sheets as follows:

	June 30,	
	<hr/>	
	<u>2008</u>	<u>2007</u>
Deferred income taxes (current)	\$ 4,590	\$ 3,260
Deferred income taxes (long-term)	(61,710)	(53,290)
	<hr/>	
	\$ (57,120)	\$ (50,030)
	<hr/> <hr/>	

The following analysis reconciles the statutory federal income tax rate to the effective income tax rates reflected above:

	Year Ended June 30,		
	<hr/>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Computed "expected" tax expense (benefit)	35.0%	35.0%	35.0%

Increase (reduction) in taxes resulting from:

State income taxes,

net of federal income tax benefits	2.3%	2.3%	2.0%
Research and development credit	-1.0%	-2.7%	-1.0%
Permanent book/tax differences	-0.3%	0.0%	-0.5%
Other (net)	0.0%	0.1%	0.3%
	<hr/>	<hr/>	<hr/>
	36.0%	34.7%	35.8%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The effective income tax rate for fiscal year 2008 increased from the fiscal year 2007 tax rate due to the renewal of the Research and Experimentation Credit ("R&E Credit"), during fiscal year 2007, retroactive to January 1, 2006. Renewal of this credit had a significant tax benefit in fiscal year 2007 since retroactive renewal required the recording of an additional six months of credit during fiscal year 2007 related to fiscal year 2006. In addition, the R&E Credit expired as of December 31, 2007, which also contributed to the increase in the tax rate for fiscal year 2008.

As of June 30, 2006, the Company had net operating loss carryforwards of \$1,623 (from acquisitions). All of that amount was used in the Company's June 30, 2007 federal income tax return. The Company paid income taxes of \$51,709, \$28,887, and \$34,301 in 2008, 2007, and 2006, respectively. As of June 30, 2008, the Company has a capital loss carryforward of \$5,858, which expires June 30, 2013.

Effective July 1, 2007, the Company adopted the provisions of FIN 48, which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. Though the validity of any tax position is a matter of tax law, the body of statutory, regulatory and interpretive guidance on the application of the law is complex and often ambiguous. Because of this, whether a tax position will ultimately be sustained may be uncertain. Under FIN 48, the impact of an uncertain tax position that will more likely than not be sustained based on technical merits upon examination by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position is recognized if the position does not have a more than 50% likelihood of being sustained. Also, under FIN 48, interest and penalties expense are recognized on the full amount of deferred benefits for uncertain tax positions.

Adopting FIN 48 had the following impact on our financial statements: decreased retained earnings by \$3,850 and increased long term liabilities by \$3,850.

At June 30, 2008, the Company had \$4,055 of unrecognized tax benefits, all of which, if recognized, would affect our effective tax rate. Our policy is to include interest and penalties related to unrecognized tax benefits in income tax expense. As of June 30, 2008, we had accrued interest and penalties of \$738 related to uncertain tax positions.

A reconciliation of the unrecognized tax benefits for the year ended June 30, 2008 follows:

Unrecognized
Tax Benefits

Balance at July 1, 2007	\$	5,838
Additions for current year tax positions		671
Additions for prior year tax positions		-
Reductions for prior year tax positions		(2,131)
Settlements		-
Reductions related to expirations of statute of limitations		(323)
		<hr/>
Balance at June 30, 2008	\$	4,055
		<hr/> <hr/>

During the fiscal year ended June 30, 2008, the Internal Revenue Service concluded its examination of the Company's U.S. federal income tax returns for fiscal years ended June 2005 through 2006. However, the U.S. federal and state income tax returns for these two fiscal years and all subsequent fiscal years still remain subject to examination as of June 30, 2008 under statute of limitations rules. We anticipate potential changes of up to \$500 could reduce the unrecognized tax benefits balance within twelve months of June 30, 2008.

NOTE 8: INDUSTRY AND SUPPLIER CONCENTRATIONS

The Company sells its products to banks, credit unions, and financial institutions throughout the United States and generally does not require collateral. All billings to customers are due net 30 days from date of billing. Reserves (which are insignificant at June 30, 2008 and 2007) are maintained for potential credit losses.

In addition, the Company purchases most of its computer hardware and related maintenance for resale in relation to installation of JHA software systems from two suppliers.

There are a limited number of hardware suppliers for these required items. If these relationships were terminated, it could have a significant negative impact on the future operations of the Company.

NOTE 9: STOCK BASED COMPENSATION PLANS

The Company previously issued options to employees under the 1996 Stock Option Plan ("1996 SOP") and currently issues options to outside directors under the 2005 Non-Qualified Stock Option Plan ("2005 NSOP").

1996 SOP

The 1996 SOP was adopted by the Company on October 29, 1996, for its employees. Terms and vesting periods of the options were determined by the Compensation Committee of the Board of Directors when granted and for options outstanding include vesting periods up to four years. Shares of common stock were reserved for issuance under this plan at the time of each grant, which must be at or above fair market value of the stock at the grant date. The options terminate 30 days after termination of employment, three months after retirement, one year after death or 10 years after the date of grant. In October 2002, the stockholders approved an increase in the number of stock options available from 13.0 million to 18.0 million shares. The plan terminated by its terms on October 29, 2006, although options previously granted under the 1996 SOP are still outstanding and vested.

2005 NSOP

The NSOP was adopted by the Company on September 23, 2005, for its outside directors. Generally, options are exercisable beginning six months after grant at an exercise price equal to 100% of the fair market value of the stock at the grant date. For individuals who have served less than four continuous years, 25% of all options will vest after one year of service, 50% shall vest

after two years, and 75% shall vest after three years of service on the Board. The options terminate upon surrender of the option, upon the expiration of one year following notification of a deceased optionee, or 10 years after grant. 700 shares of common stock have been reserved for issuance under this plan with a maximum of 100 for each director. As of June 30, 2008, there were 580 shares available for future grants under the plan.

A summary of option plan activity under the plans is as follows:

	Number of	Weighted Average	Aggregate
	Shares	Exercise Price	Intrinsic Value
	_____	_____	_____
Outstanding July 1, 2005	9,766	\$14.55	
Granted	40	18.47	
Forfeited	(236)	21.23	
Exercised	(1,870)	10.58	
	_____	_____	
Outstanding June 30, 2006	7,700	15.34	
Granted	30	21.79	
Forfeited	(123)	21.22	
Exercised	(2,218)	12.90	
	_____	_____	
Outstanding June 30, 2007	5,389	16.24	
Granted	50	28.52	
Forfeited	(8)	24.64	
Exercised	(1,454)	13.38	
	_____	_____	
Outstanding June 30, 2008	3,977	\$17.42	\$20,101
	=====	=====	=====

Vested and Expected to Vest June 30, 2008	3,977	\$17.42	\$20,101
Exercisable June 30, 2008	3,938	\$17.36	\$20,054

The weighted-average fair value of options granted during fiscal 2008, fiscal 2007 and fiscal 2006 was \$11.83, \$10.43, and \$10.13, respectively. The only options granted during fiscal years 2008, 2007 and 2006 were to non-employee members of the Company's board of directors. The assumptions used in estimating fair value and resulting compensation expenses are as follows:

	Year Ended June 30,		
	2008	2007	2006
Weighted Average Assumptions:			
Expected life (years)	7.41	7.41	7.65
Volatility	28%	37%	42%
Risk free interest rate	4.1%	4.7%	4.4%
Dividend yield	0.98%	0.96%	0.89%

The option pricing model assumptions such as expected life, volatility, risk-free interest rate, and dividend yield impact the fair value estimate. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions were based on or determined from external data (for example, the risk-free interest rate) and other assumptions were derived from our historical experience with share-based payment arrangements (e.g., volatility, expected life and dividend yield). The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances.

Our pre-tax operating income for the years ended June 30, 2008, 2007 and 2006 includes \$1,444, \$1,003

and \$454 of stock-based compensation costs, respectively. The total cost for the year ended June 30, 2008 includes \$871 relating to the restricted stock plan. There was no such cost for 2007 or 2006.

As of June 30, 2008, there was \$109 of total unrecognized compensation costs related to stock options that have not yet vested. These costs are expected to be recognized over a weighted average period of 0.89 years. The weighted average remaining contractual term on options currently exercisable as of June 30, 2008 was 3.14 years.

Following is an analysis of stock options outstanding and exercisable as of June 30, 2008:

Range of		Weighted-Average Remaining	Weighted-Average
Exercise Prices	Shares	Contractual Life in Years	Exercise Price

	Outstanding	Exercisable	Outstanding	Outstanding	Exercisable
\$ 8.77 - \$10.13	130	130	0.89	\$ 9.22	\$ 9.22
\$10.14 - \$10.84	913	913	4.78	10.84	10.84
\$10.85 - \$16.49	66	66	3.61	12.74	12.74
\$16.50 - \$16.88	1,472	1,471	1.76	16.88	16.88
\$16.89 - \$21.25	552	539	4.12	19.79	19.83
\$21.26 - \$25.65	407	402	3.78	23.33	23.35
\$25.66 - \$28.63	400	380	3.67	27.56	27.50
\$28.64 - \$29.23	24	24	2.75	28.94	28.94
\$29.24 - \$29.63	10	10	2.43	29.63	29.63
\$29.64 - \$30.00	3	3	2.93	30.00	30.00
\$ 6.03 - \$31.00	3,977	3,938	3.19	\$ 17.42	\$ 17.36

Cash received from stock option exercises for the year ended June 30, 2008 was \$19,165. The income tax benefits from stock option exercises totaled \$6,555 for the year ended June 30, 2008.

The total intrinsic value of options exercised was \$18,010, \$22,643 and \$19,622 for the fiscal years ended June 30, 2008, 2007 and 2006, respectively.

RESTRICTED STOCK PLAN

The Restricted Stock Plan was adopted by the Company on November 1, 2005, for its employees. Up to 3,000 shares of common stock are available for issuance under the plan. Upon issuance, shares of restricted stock are subject to forfeiture and to restrictions which limit the sale or transfer of the shares during the restriction period. The restrictions will be lifted over periods ranging from three to seven years from grant date. On certain awards, the restrictions may be lifted sooner if certain targets for shareholder return are met. As of June 30, 2008, 133 shares of restricted stock have been issued, however, none of these shares have vested.

The following table summarizes non-vested share awards as of June 30, 2008, as well as activity for the year then ended:

	Shares	Weighted Average Grant Date Fair Value
Non-vested shares at July 1, 2007	-	\$ -

Granted	133	24.86
Vested	-	-
Forfeited	(3)	24.50
	<hr/>	<hr/>
Non-vested shares at June 30, 2008	130	\$ 24.87
	<hr/> <hr/>	<hr/> <hr/>

The non-vested shares will be non-voting and will not participate in dividends during the restriction period. As a result, the weighted-average fair value of the non-vested share awards is based on the fair market value of the Company's equity shares on the grant date, less the present value of the expected future dividends to be declared during the restriction period.

At June 30, 2008, there was \$2,429 of compensation expense that has yet to be recognized related to non-vested restricted stock share awards, which will be recognized over a weighted-average period of 2.87 years.

NOTE 10: EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted net income per share:

	Year Ended June 30,		
	2008	2007	2006
	<hr/>	<hr/>	<hr/>
Income from continuing operations	\$ 105,287	\$ 105,644	\$ 90,863
Discontinued Operations	(1,065)	(963)	(940)
	<hr/>	<hr/>	<hr/>
Net Income	\$ 104,222	\$ 104,681	\$ 89,923
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Common share information:

Weighted average shares outstanding for basic EPS	88,270	90,155	91,484
Dilutive effect of stock options	1,432	1,877	2,303
	<hr/>	<hr/>	<hr/>
Shares for diluted EPS	89,702	92,032	93,787
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Basic Earnings per Share:

Income from continuing operations	\$	1.19	\$	1.17	\$	0.99
Discontinued operations		(0.01)		(0.01)		(0.01)
		<hr/>		<hr/>		<hr/>
Basic Earnings per Share	\$	1.18	\$	1.16	\$	0.98
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>
Diluted Earnings per Share:						
Income from continuing operations	\$	1.17	\$	1.15	\$	0.97
Discontinued operations		(0.01)		(0.01)		(0.01)
		<hr/>		<hr/>		<hr/>
Diluted Earnings per Share	\$	1.16	\$	1.14	\$	0.96
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

Stock options to purchase approximately 536 shares for fiscal 2008, 772 shares for fiscal 2007, and 1,505 shares for fiscal 2006, were not dilutive and therefore, were not included in the computations of diluted income per common share amounts.

NOTE 11: EMPLOYEE BENEFIT PLANS

The Company established an employee stock purchase plan in 2006. The plan originally allowed the majority of employees the opportunity to directly purchase shares of the Company at a 5% discount. On October 30, 2007, the shareholders approved an amendment to the plan that increased the discount to 15% beginning January 1, 2008.

With this amendment, the plan no longer met the criteria as a non-compensatory plan. As a result, beginning January 1, 2008, the Company began recording the total dollar value of the stock discount given to employees under the plan as expense. Total expense recorded by the Company under the plan for the year ended June 30, 2008 was \$125.

The Company has a defined contribution plans for its employees, the 401(k) Retirement Savings Plan (the "Plan"). The plan is subject to the Employee Retirement Income Security Act of 1975 ("ERISA") as amended. Under the Plan, the Company matches 100% of full time employee contributions up to 5% of compensation subject to a maximum of \$5 per year. Employees must be 18 years of age and be employed for at least six months. The Company has the option of making a discretionary contribution; however, none has been made for any of the three most recent fiscal years. The total matching contributions for the Plan were \$7,937, \$7,148, and \$6,530 for fiscal 2008, 2007, and 2006, respectively.

NOTE 12: DISCONTINUED OPERATIONS

On June 30, 2008, the Company sold its insurance agency outsourcing business, Banc Insurance Services, Inc. ("BIS") and Banc Insurance Agency, Inc. ("BIA"), to the division's management team and a private equity group for a nominal amount. The transaction resulted in an pre-tax loss of \$2,718.

In accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," the results of operations of this business for the current and prior periods have been reported as discontinued operations. The divesture of this business was made as a result of poorer than expected operating results.

The insurance agency outsourcing business provided turnkey outsourced insurance agency solutions for financial institutions. Operations of the business, which were formerly included in the Bank Systems and Services segment, are summarized as follows:

Year Ended June 30,

	2008	2007	2006
	_____	_____	_____
Revenue	\$ 1,680	\$ 1,595	\$ 1,328
Loss before income taxes	(1,457)	(1,474)	(1,464)
Income tax benefit	536	511	524
	_____	_____	_____
Net loss from discontinued operations	(921)	(963)	(940)
Less loss on disposal, net of income taxes	(144)	-	-
	_____	_____	_____
Loss on discontinued operations	\$ (1,065)	\$ (963)	\$ (940)
	=====	=====	=====

Assets and liabilities of the insurance agency outsourcing business before disposal, were as follows:

	June 30, 2008

Cash	\$ 656
Accounts receivable	688
Other assets	90
Property and equipment, net	1,007

Total assets	2,441
	=====
Accounts payable and other	194

Total liabilities	\$ 194

In connection with the sale, the Company accrued \$471 lease loss, net of estimated subleases.

NOTE 13: BUSINESS ACQUISITIONS

Fiscal 2008 Acquisitions:

On July 1, 2007, the Company acquired all of the capital stock of Gladiator Technology Services, Inc. ("Gladiator"). Gladiator is a provider of technology security services for financial institutions. The purchase price for Gladiator, \$17,425 paid in cash, was allocated to the assets and liabilities acquired based on then-estimated fair values at the acquisition date, resulting in an allocation of \$(729) to working capital, \$799 to property and equipment, \$4,859 to customer relationships, and \$12,496 to goodwill. The acquired goodwill has been allocated to the banking systems and services segment. The Company and the former shareholders of Gladiator jointly made an IRC Section 338(h)(10) election for this acquisition. This election allows treatment of this acquisition as an asset acquisition, which permits the Company to amortize the customer relationships and goodwill for tax purposes.

On October 1, 2007, the Company acquired all of the capital stock of AudioTel Corporation ("AudioTel"). AudioTel is a provider of remittance, merchant capture, check imaging, document imaging and management, and telephone and internet banking solutions. The purchase price for AudioTel, \$32,092 paid in cash, was preliminarily allocated to the assets and liabilities acquired based upon then-estimated fair values at the acquisition date, resulting in an allocation of \$(2,634) to working capital, \$528 to property and equipment, \$6,017 to customer relationships, \$5,728 to capitalized software, \$(4,346) to deferred taxes, and \$26,799 to goodwill. The acquired goodwill has been allocated to the banking systems and services segment and is non-deductible for tax purposes. Contingent purchase consideration of up to \$3,000 may be due based on AudioTel's operating income over the two-year period ending September 30, 2009. This additional purchase price, if any, will be payable on or before November 15, 2009.

Fiscal 2007 Acquisition:

On November 1, 2006, the Company acquired all of the capital stock of Margin Maximizer Group, Inc., which does business as US Banking Alliance ("USBA"). USBA is a leading provider of loan and deposit pricing software and related consulting services to banks and credit unions. The purchase price for USBA, \$34,006 paid in cash, was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in an allocation of \$(2,147) to working capital, \$69 to property and equipment, \$2,515 to capitalized software, \$4,705 to customer relationships, and \$28,864 to goodwill. The capitalized software and customer relationships have weighted-average useful lives of approximately 5 years. The acquired goodwill has been allocated to the bank systems and services segment. The Company and the former shareholders of Margin Maximizer Group, Inc. jointly made a Section 338(h)(10) election for this acquisition. This election allows treatment of this acquisition as an asset acquisition, which permits the Company to amortize the capitalized software, customer relationships and goodwill for tax purposes. The results of USBA's operations have been included with the Company's from the date of acquisition, November 1, 2006, to the end of the period.

Fiscal 2006 Acquisition:

On November 1, 2005, the Company acquired all of the capital stock of Profitstar, Inc. ("Profitstar"). Profitstar is a leading provider of asset/liability management, risk management, profitability accounting and financial planning software and related services to banks, credit unions and other financial institutions. The purchase price for Profitstar, \$19,317 paid in cash, was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in an allocation of (\$599) to working capital, \$1,233 to deferred tax liability, \$1,871 to capitalized software, \$1,420 to customer relationships, and \$19,698 to goodwill. The acquired goodwill has been allocated to the bank segment. On August 15, 2006, the Company and the former shareholders of Profitstar, Inc. jointly made a IRC Section 338(h)(10) election for this acquisition. This election allows treatment of this acquisition as an asset acquisition, which permits the Company to amortize the capitalized software, customer relationships and goodwill for tax purposes. This election increased goodwill by a net of \$720 due to the elimination of previously recorded deferred tax liabilities and to additional consideration paid to the former shareholders of Profitstar, Inc.

Fiscal 2005 Acquisitions:

On March 2, 2005, the Company acquired all of the membership interests in Tangent Analytics, LLC, ("Tangent"), a developer of business intelligence software systems. The purchase price for Tangent before any earn-out payments, \$4,000 paid in cash, was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in an allocation of (\$140) to working capital, \$89 to deferred tax liability, \$241 to capitalized software and \$4,128 to goodwill. Contingent purchase consideration was due based upon Tangent's earnings before interest, depreciation, taxes and amortization. In fiscal 2008, 2007 and 2006, \$917, \$3,125 and \$958, respectively, was paid to the former members of Tangent based upon Tangent's earnings before interest, depreciation, amortization and taxes in full settlement of this contingent consideration. These amounts were included in goodwill. The acquired goodwill has been allocated to the bank segment and is deductible for federal income tax.

Effective January 1, 2005, the Company acquired all of the membership interests in RPM Intelligence, LLC, doing business as Stratika ("Stratika"). Stratika provides customer and product profitability solutions for financial institutions. The purchase price for Stratika before any earn-out payments, \$6,241 paid in cash, was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in an allocation of \$9 to working capital, \$156 to deferred tax liability, \$422 to capitalized software and \$5,963 to goodwill. Contingent purchase consideration of up to \$9,752 may be paid over the next year based upon the net operating income of Stratika. In fiscal 2006, \$248 was paid to the former members of Stratika as part of this contingent consideration. This amount was included in goodwill. No amount was paid as part of this contingent consideration during fiscal 2007. The acquired goodwill has been allocated to the bank segment and is deductible for federal income tax.

The accompanying consolidated statements of income for the fiscal year ended June 30, 2008, 2007 and 2006 do not include any revenues and expenses related to these acquisitions prior to the respective closing dates of each acquisition. The following unaudited pro forma consolidated financial information is presented as if these acquisitions had occurred at the beginning of the periods presented. In addition, this unaudited pro forma financial information is provided for illustrative purposes only and should not be relied upon as necessarily being indicative of the historical results that would have been obtained if these acquisitions had actually occurred during those periods, or the results that may be obtained in the future as a result of these acquisitions.

Pro Forma (unaudited)

	Year Ended		
	June 30,		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenue	\$ 746,041	\$ 685,647	\$ 616,537
Gross profit	\$ 308,565	\$ 298,488	\$ 273,688
Income from continuing operations	\$ 105,373	\$ 107,296	\$ 94,041
Earnings per share - continuing operations	\$ 1.17	\$ 1.17	\$ 1.00
Diluted shares	89,702	92,032	93,787
Earnings per share - continuing operations	\$ 1.19	\$ 1.19	\$ 1.03
Basic shares	88,270	90,155	91,484

NOTE 14: BUSINESS SEGMENT INFORMATION

The Company is a leading provider of integrated computer systems that perform data processing (available for in-house or service bureau installations) for banks and credit unions. The Company's operations are classified into two business segments: bank systems and services ("Bank") and credit union systems and services ("Credit Union"). The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue. The following amounts have been adjusted to exclude discontinued operations (See Note 12):

For the Year Ended June 30, 2008

	<u>Bank</u>	<u>Credit Union</u>	<u>Total</u>
REVENUE			
License	\$ 52,528	\$ 21,025	\$ 73,553
Support and service	495,687	84,647	580,334
Hardware	68,175	20,864	89,039
	<hr/>	<hr/>	<hr/>
Total	616,390	126,536	742,926
	<hr/>	<hr/>	<hr/>
COST OF SALES			
Cost of license	5,376	1,322	6,698
Cost of support and service	305,640	58,500	364,140
Cost of hardware	49,504	15,358	64,862
	<hr/>	<hr/>	<hr/>
Total	360,520	75,180	435,700
	<hr/>	<hr/>	<hr/>
GROSS PROFIT	\$ 255,870	\$ 51,356	\$ 307,226
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the Year Ended June 30, 2007

	<u>Bank</u>	<u>Credit Union</u>	<u>Total</u>
REVENUE			
License	\$ 60,683	\$ 15,720	\$ 76,403
Support and service	425,912	75,810	501,722

Hardware	69,266	19,076	88,342
	<hr/>	<hr/>	<hr/>
Total	555,861	110,606	666,467
	<hr/>	<hr/>	<hr/>
COST OF SALES			
Cost of license	4,103	174	4,277
Cost of support and service	255,743	54,176	309,919
Cost of hardware	51,227	14,242	65,469
	<hr/>	<hr/>	<hr/>
Total	311,073	68,592	379,665
	<hr/>	<hr/>	<hr/>
GROSS PROFIT	\$ 244,788	\$ 42,014	\$ 286,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the Year Ended June 30, 2006

	<u>Bank</u>	<u>Credit Union</u>	<u>Total</u>
REVENUE			
License	\$ 66,165	\$ 17,849	\$ 84,014
Support and service	352,882	71,451	424,333
Hardware	62,511	20,019	82,530
	<hr/>	<hr/>	<hr/>
Total	481,558	109,319	590,877
	<hr/>	<hr/>	<hr/>
COST OF SALES			

Cost of license	1,671	1,046	2,717
Cost of support and service	219,402	51,083	270,485
Cost of hardware	45,098	15,560	60,658
	<hr/>	<hr/>	<hr/>
Total	266,171	67,689	333,860
	<hr/>	<hr/>	<hr/>
GROSS PROFIT	\$ 215,387	\$ 41,630	\$ 257,017
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the Year Ended June 30,

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Depreciation expense, net			
Bank systems and services	\$ 37,970	\$ 34,219	\$ 30,818
Credit Unions systems and services	2,225	2,208	2,624
	<hr/>	<hr/>	<hr/>
Total	\$ 40,195	\$ 36,427	\$ 33,442
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Amortization expense, net

Bank systems and services	\$ 19,580	\$ 12,070	\$ 8,421
Credit Unions systems and services	2,231	2,457	1,911
	<hr/>	<hr/>	<hr/>
Total	\$ 21,811	\$ 14,527	\$ 10,332
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital expenditures, net

Bank systems and services	\$ 30,994	\$ 33,510	\$ 43,681
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Credit Unions systems and services	111	692	1,715
Total	\$ 31,105	\$ 34,202	\$ 45,396

For the Year Ended June 30,

	<u>2008</u>	<u>2007</u>
Property and equipment, net		
Bank systems and services	\$ 208,288	\$ 217,195
Credit Unions systems and services	30,717	32,687
Total	\$ 239,005	\$ 249,882

Identified intangible assets, net

Bank systems and services	\$ 385,671	\$ 321,096
Credit Unions systems and services	46,463	52,214
Total	\$ 432,134	\$ 373,310

The Company has not disclosed any additional asset information by segment, as the information is not produced internally and its preparation is impracticable.

NOTE 15: SUBSEQUENT EVENTS

On August 25, 2008, the Company's Board of Directors declared a quarterly cash dividend of \$.075 per share of common stock, payable on September 19, 2008 to shareholders of record on September 5, 2008. Also, on August 25, 2008, the Company's Board of Directors increased its stock repurchase authorization by 5.0 million shares bringing the total authorized repurchase since 2001 to 20.0 million shares.

QUARTERLY FINANCIAL INFORMATION (unaudited)

For the Year Ended June 30, 2008

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
REVENUE					
License	\$ 13,522	\$ 23,294	\$ 18,441	\$ 18,296	\$ 73,553
Support and service	137,912	144,979	148,772	148,671	580,334
Hardware	23,442	23,596	20,267	21,734	89,039
Total	174,876	191,869	187,480	188,701	742,926
COST OF SALES					
Cost of license	770	1,770	1,739	2,419	6,698
Cost of support and service	87,206	88,781	93,871	94,282	364,140
Cost of hardware	17,298	16,352	14,875	16,337	64,862
Total	105,274	106,903	110,485	113,038	435,700
GROSS PROFIT	69,602	84,966	76,995	75,663	307,226
OPERATING EXPENSES					
Selling and marketing	13,680	13,803	13,597	14,836	55,916
Research and development	9,959	11,404	11,340	10,623	43,326
General and administrative	9,808	13,463	9,514	10,990	43,775
Total	33,447	38,670	34,451	36,449	143,017

OPERATING INCOME	36,155	46,296	42,544	39,214	164,209
INTEREST INCOME (EXPENSE)					
Interest income	1,349	339	267	190	2,145
Interest expense	(83)	(104)	(583)	(1,158)	(1,928)
Total	1,266	235	(316)	(968)	217
INCOME FROM CONTINUING OPERATIONS					
BEFORE INCOME TAXES	37,421	46,531	42,228	38,246	164,426
PROVISION FOR INCOME TAXES	13,658	17,101	15,430	12,950	59,139
INCOME FROM CONTINUING OPERATIONS	23,763	29,430	26,798	25,296	105,287
DISCONTINUED OPERATIONS					
Loss from operations of discontinued operations	(352)	(440)	(293)	(3,090)	(4,175)
Income tax benefit	128	161	107	2,714	3,110
Loss on discontinued operations	(224)	(279)	(186)	(376)	(1,065)
NET INCOME	\$ 23,539	\$ 29,151	\$ 26,612	\$ 24,920	\$ 104,222
Continuing operations	\$ 0.26	\$ 0.32	\$ 0.30	\$ 0.29	1.17

Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
<hr/>					
Diluted net income per share	\$ 0.26	\$ 0.32	\$ 0.30	\$ 0.28	\$ 1.16
<hr/> <hr/>					
Diluted weighted average shares					
outstanding	90,833	90,922	88,907	88,145	89,702
<hr/>					
Continuing operations *	\$ 0.27	\$ 0.33	\$ 0.31	\$ 0.29	\$ 1.19
Discontinued operations *	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
<hr/>					
Basic net income per share	\$ 0.26	\$ 0.33	\$ 0.30	\$ 0.29	\$ 1.18
<hr/> <hr/>					
Basic weighted average shares					
outstanding	89,168	89,393	87,615	86,902	88,270

* Amounts may not add due to rounding

QUARTERLY FINANCIAL INFORMATION (unaudited)

For the Year Ended June 30, 2007

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
<hr/>					
REVENUE					
License	\$ 15,539	\$ 21,173	\$ 15,345	\$ 24,346	\$ 76,403
Support and service	115,206	123,874	129,842	132,800	501,722

Hardware	19,499	21,836	23,276	23,731	88,342
Total	150,244	166,883	168,463	180,877	666,467
COST OF SALES					
Cost of license	556	772	869	2,080	4,277
Cost of support and service	72,575	76,942	78,388	82,014	309,919
Cost of hardware	13,702	15,977	17,424	18,366	65,469
Total	86,833	93,691	96,681	102,460	379,665
GROSS PROFIT	63,411	73,192	71,782	78,417	286,802
OPERATING EXPENSES					
Selling and marketing	11,768	12,822	12,294	13,311	50,195
Research and development	8,516	8,989	9,004	9,453	35,962
General and administrative	9,906	11,407	9,378	9,926	40,617
Total	30,190	33,218	30,676	32,690	126,774
OPERATING INCOME	33,221	39,974	41,106	45,727	160,028
INTEREST INCOME (EXPENSE)					
Interest income	1,556	406	658	786	3,406
Interest expense	(216)	(299)	(439)	(803)	(1,757)

Total	1,340	107	219	(17)	1,649
<hr/>					
INCOME FROM CONTINUING OPERATIONS					
BEFORE INCOME TAXES	34,561	40,081	41,325	45,710	161,677
PROVISION FOR INCOME TAXES	12,960	12,045	14,732	16,296	56,033
<hr/>					
INCOME FROM CONTINUING OPERATIONS	21,601	28,036	26,593	29,414	105,644
 DISCONTINUED OPERATIONS					
Loss from operations of discontinued operations	(302)	(355)	(331)	(486)	(1,474)
Income tax benefit	113	107	118	173	511
<hr/>					
Loss on discontinued operations	(189)	(248)	(213)	(313)	(963)
<hr/>					
NET INCOME	\$ 21,412	\$ 27,788	\$ 26,380	\$ 29,101	\$ 104,681
<hr/> <hr/>					
Continuing operations	\$ 0.23	\$ 0.30	\$ 0.29	\$ 0.32	1.15
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
<hr/>					
Diluted net income per share	\$ 0.23	\$ 0.30	\$ 0.29	\$ 0.32	1.14
<hr/> <hr/>					
Diluted weighted average shares					
Outstanding	92,893	92,246	91,753	91,237	92,032

Continuing operations	\$	0.24	\$	0.31	\$	0.30	\$	0.33	\$	1.17
Discontinued operations		(0.00)		(0.00)		(0.00)		(0.00)		(0.01)
Basic net income per share	\$	0.24	\$	0.31	\$	0.29	\$	0.33	\$	1.16
Basic weighted average shares										
Outstanding		91,056		90,211		89,893		89,459		90,155

Item 9.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out under the supervision and with the participation of our management, including our Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include controls and procedures designed to ensure that information that is required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

The Management's Report on Internal Control over Financial Reporting required by this Item 9A is in Item 8, "Financial Statements and Supplementary Data." Our independent registered accounting firm, Deloitte & Touche LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. Deloitte & Touche LLP has issued an attestation report concurring with management's assessment, which is included in Item 8 of this Form 10-K.

During the fiscal quarter ending June 30, 2008, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Attached as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K are certifications of the CEO and the CFO, which are required in accord with Rule 13a-14 of the Securities Exchange Act of 1934 (the Exchange Act). This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

See the information under the captions "Election of Directors", "Corporate Governance", "Audit Committee Report", "Executive Officers and Significant Employees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement for our 2008 Annual Meeting of Stockholders which is incorporated herein by reference.

Item 11. Executive Compensation

See the information under captions "Compensation Discussion and Analysis", "Executive Compensation", "Compensation Committee Report", "Corporate Governance", and "Directors Compensation" in the Company's definitive Proxy Statement which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

See the information under the captions "Stock Ownership of Certain Stockholders" and "Equity Compensation Plan Information" in the Company's definitive Proxy Statement which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

See the information under the captions "Election of Directors" and "Certain Relationships and Related Transactions" in the Company's definitive Proxy Statement which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

See the information under the captions "Audit Committee Report" and "Ratification of the Selection of the Company's Independent Registered Public Accounting Firm" in the Company's definitive Proxy Statement which is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Report:

(1) The following Consolidated Financial Statements of the Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon appear under Item 8 of this Report:

- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Income for the Years Ended June 30, 2008, 2007 and 2006
- Consolidated Balance Sheets as of June 30, 2008 and 2007
- Consolidated Statements of Changes in Stockholders' Equity for the Years Ended June 30, 2008, 2007 and 2006
- Consolidated Statements of Cash Flows for the Years Ended June 30, 2008, 2007 and 2006
- Notes to the Consolidated Financial Statements

(2) The following Financial Statement Schedules filed as part of this Report appear under Item 8 of this Report:

There are no schedules included because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(3) See "Index to Exhibits" set forth below.

All exhibits not attached hereto are incorporated by reference to a prior filing as indicated.

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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- 3.1.7 Restated Certificate of Incorporation, attached as Exhibit 3.1.7 to the Company's Annual Report on Form 10-K for the Year ended June 30, 2003.
- 3.2.1 Restated and Amended Bylaws, attached as Exhibit 3.2 to the Company's Current Report on Form 8-K filed November 6, 2006.
- 10.3 The Company's 1995 Non-Qualified Stock Option Plan, attached as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.
- 10.8 Form of Indemnity Agreement which has been entered into as of August 27, 1996, between the Company and each of its Directors and Executive Officers, attached as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.
- 10.9 The Company's 1996 Stock Option Plan, attached as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1997.
- 10.20 Credit Agreement with Wachovia Bank, National Association as Administrative Agent, attached as Exhibit 10.20 to the Company's Current Report on Form 8-K filed April 21, 2005.
- 10.21 Amendment to the Company's 1996 Stock Option Plan, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 5, 2005.
- 10.27 The Company's Restricted Stock Plan, attached as Exhibit 10.27 to the Company's Annual Report on Form 10-K filed September 12, 2006.
- 10.28 The Company's 2005 Non-Qualified Stock Option Plan, attached as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed September 12, 2006.
- 10.29 Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.29 to the Company's Current Report on Form 8-K filed November 6, 2006.
- 10.30 Second Amendment to Credit Agreement with Wachovia Bank, National Association as Administrative Agent, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 31, 2007.
- 10.31 Form of Termination Benefits Agreement, attached as Exhibit 10.31 to the Company's Current Report on Form 8-K filed September 10, 2007.
- 10.32 Form of Restricted Stock Agreement (executives), attached as Exhibit 10.32 to the Company's Current Report on Form 8-K filed September 10, 2007.
- 10.33 Form of Restricted Stock Agreement (Vice presidents and certain other managers), attached as Exhibit 10.33 to the Company's Current Report on Form 8-K filed September 10, 2007.
- 10.34 Amendment No. 2 to Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.34 to the Company's Current Report on Form 8-K filed November 1, 2007.

- 10.35 Jack Henry & Associates, Inc. 2007 Annual Incentive Plan, attached as Exhibit 10.35 to the Company's Current Report on Form 8-K filed November 1, 2007.
- 10.36 Jack Henry & Associates, Inc. 1995 Non-Qualified Stock Option Plan, as amended May 9, 2008.
- 10.37 Jack Henry & Associates, Inc. 1996 Stock Option Plan, as amended May 9, 2008.
- 10.38 Jack Henry & Associates, Inc. 2005 Non-Qualified Stock Option Plan, as amended and restated May 9, 2008.
- 21.1 List of the Company's subsidiaries.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
- 32.2 Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 28th day of August, 2008.

JACK HENRY & ASSOCIATES, INC., Registrant

By /s/ John F. Prim

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature

Capacity

Date

/s/ Michael E. Henry

Chairman of the Board and Director

August 28, 2008

Michael E. Henry

<u>/s/ John F. Prim</u> John F. Prim	Chief Executive Officer and Director	August 28, 2008
<u>/s/ Kevin D. Williams</u> Kevin D. Williams	Chief Financial Officer and Treasurer (Principal Accounting Officer)	August 28, 2008
<u>/s/ Jerry D. Hall</u> Jerry D. Hall	Executive Vice President and Director	August 28, 2008
<u>/s/ James J. Ellis</u> James J. Ellis	Director	August 28, 2008
<u>/s/ Craig R. Curry</u> Craig R. Curry	Director	August 28, 2008
<u>/s/ Wesley A. Brown</u> Wesley A. Brown	Director	August 28, 2008
<u>/s/ Matthew Flanigan</u> Matthew Flanigan	Director	August 28, 2008
<u>/s/ Marla Shepard</u> Marla Shepard	Director	August 28, 2008

JACK HENRY & ASSOCIATES, INC.
1995 NON-QUALIFIED STOCK OPTION PLAN
(As Amended Effective May 9, 2008)

Jack Henry & Associates, Inc. (the "Company"), a Delaware corporation, hereby formulates and adopts the following 1995 Non-Qualified Stock Option Plan (the "Plan") for non-employee directors of the Company.

1. Purpose. The purpose of the Plan is to obtain for the Company the benefits of the additional incentive inherent in the ownership of Common Stock, \$.01 par value per share, of the Company ("Common Stock"), by selected non-employee directors of the Company who are important to the success and the growth of the business of the Company, to help the Company retain the services of such persons, and to compensate such persons for their service on the Board of Directors.

2. Stock Option Committee. The Board of Directors of the Company shall appoint from among its members a Non-Qualified Stock Option Committee (the "Committee"), consisting of no fewer than two directors, none of whom shall be eligible to participate under the Plan. The Committee shall select one of its members as Chairman and shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings and the transaction of its business. A majority of the whole Committee shall constitute a quorum, and the act of a majority of the members of the Committee shall be the act of the Committee. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board of Directors of the Company; and any vacancy on the Committee may at any time be filled by resolution adopted by the Board of Directors.

3. Stock Subject to Options. Subject to the provisions of paragraph 13, the number of shares of Common Stock subject at any one time to options granted under the Plan plus the number of such shares then outstanding pursuant to exercises of options granted under the Plan shall not exceed an aggregate of 1,200,000 shares. If and to the extent that options granted under the Plan terminate or expire in accordance with paragraph 8 without having been exercised, new options may be granted with respect to the shares covered by such terminated or expired options, provided that the granting and terms of such new options shall in all respects comply with the provisions of the Plan.

There shall be reserved at all times for sale under the Plan a number of shares of Common Stock (either authorized and unissued shares or shares held in the Company's treasury, or both) equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan.

Shares transferred by the Company upon the exercise of any option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury, or both.

4. Administration. The Committee shall have the authority and responsibility, within the limitations of the Plan, as amended or modified from time to time, to calculate the "fair market value" of shares subject to grant in accordance with paragraph 7, the terms and provisions of the respective Option Agreements (which need not be identical), and to make all other determinations necessary or advisable for administering the Plan.

Any or all powers and functions of the Committee may at any time and from time to time be exercised by the Board of Directors or the Executive Committee thereof; provided, however, that such powers and functions of the Committee may be exercised by the Board of Directors or the Executive Committee, as the case may be, only if, at the time of such exercise, a majority of the members of the entire Board of Directors or the Executive Committee, as the case may be, and a majority of the directors acting in the particular matter, are not eligible to participate under the Plan.

5. Eligible Participants. Options may be granted under the Plan only to outside directors of the Company. An "outside director" shall mean a director who is not at the time of the grant of any option under the Plan to him, nor at any time within one year prior thereto, an employee of the Company. An outside director receiving any option under the Plan is hereinafter referred to as an "Optionee".

6. Grant of Options.

(a) Annual Grants. On the third business day following the day of each annual meeting of the stockholders of the Company, each outside director shall automatically and without further action of the Board or the Committee be granted a non-statutory stock option (a stock option which does not qualify under Sections 422 or 423 of the Internal Revenue Code of 1986) to purchase 10,000 shares of Common Stock, subject to adjustment and substitution as set forth below. If the number of shares then remaining available for the grant of stock options under the Plan is not sufficient for each outside director to be granted an option for 10,000 shares (or the number of adjusted or substituted shares), then each outside director shall be granted an option for a number of whole shares equal to the number of shares then remaining available divided by the number of outside directors, disregarding any fractions of a share.

(b) Grant Limitation. Notwithstanding any other provision of this Plan, no outside director may be granted options to purchase more than 300,000 shares of Common Stock pursuant to the Plan.

7. Price.

(a) The option price of each share of Common Stock purchasable under any option granted under the Plan shall be 100% of the "fair market value" thereof at the time the option is granted.

(b) The option price shall become immediately due upon exercise of the option and shall be payable in one of the alternative forms specified below: (1) full payment by certified check payable to the Company; (2) full payment in shares of Common Stock having a fair market value on the Exercise Date (as such term is defined below) equal to the option price, which shares shall have been held for more than six months by the individual; (3) any combination of certified check payable to the Company and/or shares of Common Stock valued at fair market value on the Exercise Date, equal in the aggregate to the option price; or (4) by a "net exercise" arrangement pursuant to which the Company will not require a payment of the option price but will reduce the number of shares of common stock issued upon the exercise by the largest number of whole shares that has a fair market value on the Exercise Date that does not exceed the aggregate option price. With respect to any remaining balance of the aggregate option price, the Company will accept a cash payment from the optionee. For purposes of this subsection (b), the Exercise Date shall be the date on which written notice of the exercise of the option is delivered to the Company, together with payment of the option price for the purchased shares.

(c) The "fair market value" of a share on a particular date shall be: (1) if shares of Common Stock are listed on such date on one or more national securities exchanges or the National Market System of the National Association of Securities Dealers, Inc. ("NASD"), the last reported sale price of a share on such date as recorded on the composite tape system or on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ"), or if no sale of Common Stock took place on such date, the last reported sale price of a share on the most recent day on which a sale of a share took place as recorded by such system or on such exchange, as the case may be; or (2) if Common Stock is not listed on such date on any national securities exchange or the National Market System of the NASD, the mean between the last closing bid and asked quotations of a share of Common Stock on such date (or if none, on the most recent date on which there were bid and asked quotations of a share), as reported by NASDAQ, the National Quotation Bureau, Incorporated, or other similar service selected by the Board of Directors or the Committee.

8. Exercisability, Vesting and Duration of Options. No option granted under the Plan shall be exercisable until six months after the date of grant. Subject to the foregoing, all options granted under the Plan shall be fully vested and exercisable after the fourth anniversary of the date of the director's first election or appointment to the Board of Directors of the Company (the "Initial Service Date"). For directors who have served less than four continuous years, and subject to the first sentence of this paragraph 8, options granted under the Plan shall vest and become exercisable as follows:

- (a) with respect to 25% of the shares subject to option, after the expiration of one year from the Initial Service Date;
- (b) with respect to 50% of the shares subject to option, after the expiration of two years from the Initial Service Date;
- (c) with respect to 75% of the shares subject to option, after the expiration of three years from the Initial Service Date.

Provided, however, that any option granted under the Plan shall become exercisable in its entirety upon the death, illness, disability or retirement of the Optionee; and provided further that no portion of any option not theretofore exercisable shall become exercisable following the removal or termination of the Optionee as a director of the Company, for any reason other than his or her death, illness, disability or retirement.

The unexercised portion of any vested option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following: (i) the expiration of ten years from the date on which such option was granted; (ii) the expiration of one year following the issuance of letters testamentary or letters of administration to the executor or administrator of a deceased Optionee or Permitted Transferee (as defined in paragraph 10); or (iii) the surrender by the Optionee or Permitted Transferee to the Company of any such option (whether or not in exchange for any other option).

9. Exercise of Options. Options granted under the Plan shall be exercised by the Optionee (or by his executors or administrators, or Permitted Transferee, as provided in paragraph 10) as to all or part of the shares covered thereby, by the giving of written notice of the exercise thereof to the Company at its principal business office, specifying the number of shares to be purchased, specifying a business day, not less than 10 days nor more than 15 days from the date such notice is given, for the payment of the purchase price against delivery of the shares being purchased and specifying the method of payment of such purchase price. Upon any exercise of an Option, the Optionee shall make appropriate arrangements with the Company to provide for the minimum amount of additional withholding required by applicable federal and state income tax and payroll laws, including payment of such taxes through delivery of Common Stock or by withholding Common Stock to be issued under the Option, as provided in Section 17 hereof.

Subject to the provisions of paragraph 18, the Company shall cause certificates for the shares so purchased to be delivered to the Optionee or his executors or administrators or Permitted Transferee at its principal business office, against payment of the full purchase price, on the date specified in the notice of exercise.

10. Non-Transferability of Options. For the first six months after the date of grant, no option granted under the Plan shall be transferable by the Optionee other than by Will, or if the Optionee dies intestate by the laws of descent and distribution. In the event of the Optionee's death, options held by him at death shall thereafter be exercisable, as provided in subparagraph 8(ii), by such person(s) entitled to do so under the Will of the Optionee or, if the Optionee shall fail to make testamentary disposition of the stock option or shall die intestate, by the legal representative of the Optionee.

Options may be transferred during the lifetime of an Optionee, to any "Permitted Transferee". "Permitted Transferee" shall include members of the immediate family of the Optionee, any trust established for the benefit of the Optionee or the Optionee's immediate family members, or any charity qualified under §501(c)(3) of the Internal Revenue Code. For this purpose, "immediate family member" shall mean the Optionee's spouse, children, step-children, grandchildren and step-grandchildren, and any partnership, corporation, limited liability company or other entity, all the beneficial interests in which are held by the Optionee or immediate family members. Permitted Transferees may only transfer options to other Permitted Transferees of the Optionee. The Company may disregard any transfer of an option which has not been properly registered with the Company or its agents. In the event of the death of a Permitted Transferee who held options at death, such options shall thereafter be exercisable, as provided in subparagraph 8(ii), by such person(s) entitled to do so under the will of the Permitted Transferee, or if such holder shall fail to make testamentary disposition of the stock option or shall die intestate, by the legal representative of the Permitted Transferee.

11. Rights of Optionee. Neither the Optionee nor his Permitted Transferees, executors or administrators shall have any of the rights of a stockholder of the Company with respect to the shares subject to an option granted under the Plan until certificates for such shares shall have been issued upon the exercise of such option.

12. Right to Terminate. Nothing in the Plan or in any option granted under the Plan shall confer upon any Optionee the right to continue as a director of the Company or affect the right of the stockholders of the Company to terminate the Optionee as a director at any time, or the right of the Board of Directors to elect or remove directors, subject, however, to the provisions of Delaware law.

13. Adjustment of Shares. If any change is made in the shares subject to the Plan or subject to any option granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, split-up, combination of shares, exchange of shares, issuance of rights to subscribe, or change in capital structure), appropriate adjustments or substitutions shall be made by the Committee in or for such shares (including adjustments in the maximum number of shares subject to the Plan and the number of such shares and price per share subject to the Plan and the number of such shares and price per shares subject to outstanding options) as the Committee in its sole discretion shall deem equitable to prevent dilution or enlargement of option rights; provided, however, that in the case of any transaction (or series of transactions carried out within a period of twelve consecutive months) in which the Company is consolidated or merged with another corporation (other than a subsidiary or other affiliated company of the Company), or in which substantially all of the properties or assets of the Company are acquired by another person, firm or corporation (other than one or more subsidiaries or other affiliated companies of the Company), and in which the stockholders of the Company receive, either directly or indirectly, as consideration, cash and/or non-equity securities or a package which does not include an amount of equity securities (as defined in Section 3(a)(11) of the Exchange Act) equal to more than 20% of the aggregate value of such package as conclusively determined by the Committee, the Committee shall, alternatively, have the right to terminate all then outstanding options (in which event such options shall not be subject to the above described adjustments) by causing written notice of such termination to be given to each Optionee not less than 30 days prior to the date on which such consolidation, merger or acquisition is expected to become effective and, if applicable, the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such consolidation, merger or acquisition. In providing such notice, the Board of Directors may, in its discretion, with respect to options, waive the restrictions on exercise pursuant to paragraph 8 and permit such option or options to become immediately exercisable. Such notice shall be deemed duly given when delivered personally, or mailed first-class postage prepaid, to each Optionee at his address appearing in the records of the Company, and failure to give such notice to any Optionee, or any defect therein, shall not affect the termination of an option held by any other Optionee.

14. Amendment of the Plan. The Board may, from time to time, but not more often than once every six months, amend or modify the Plan in all respects, except that without stockholder approval no such amendment or modification may (a) increase the total number of shares reserved for options thereunder (other than an increase merely reflecting an adjustment as described in paragraph 13), (b) change the option price from 100% of the "fair market value" on the date of grant, (c) change the class of outside directors eligible to receive options, or (d) extend the period of exercise beyond ten years from the date of grant. Rights and obligations under any option previously granted under the Plan may not be altered or impaired by any such amendment or modification of the Plan except upon consent of the person to whom such option was granted.

15. Termination or Suspension of the Plan. The Board of Directors may at any time suspend or terminate the Plan. The Plan, unless sooner terminated, shall terminate at the close of business on November 30, 2005. An option may not be granted while the Plan is suspended or after it is terminated. Rights and obligations under any option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except upon the consent of the person to whom such option and right were granted.

16. Form of Agreements with Optionees. Subject to the limitations of the Plan as amended or modified from time to time, every option granted under the Plan shall be in such form and shall contain such terms and conditions (which need not be identical) as the Committee, in its discretion, may determine. The rights and obligations under any such form of option granted under the Plan shall not be altered or impaired, except upon consent of the person to whom such option and right were granted.

17. Withholding.

(a) The Company's obligations to deliver shares of Common Stock upon the exercise of an Option shall be subject to the Optionee's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

(b) The Optionee may pay all minimum required amounts of tax withholding, or any part thereof, by electing to transfer to the Company, or to have the Company withhold from the Common Stock otherwise issuable to the Optionee, Common Stock having a value not greater than the minimum amount required to be withheld under federal, state or local law or such lesser amount as may be elected by the Optionee. The Committee may require that any shares transferred to the Company have been held or owned by the Optionee for a minimum period of time. The value of Common Stock to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld is to be determined (the "Tax Date"), as determined by the Committee. Any such elections by Optionee to have Shares withheld for this purpose must be made prior to the Tax Date, and shall be irrevocable.

18. Purchase for Investment. If the Committee in its discretion determines that as a matter of law such procedure is or may be desirable, it may require the Optionee, upon any exercise of an option granted hereunder or any portion thereof and as a condition to the Company's obligation to deliver certificates representing the shares subject to exercise, to execute and deliver to the Company a written statement, in form satisfactory to legal counsel for the Company, representing and warranting that his purchase or receipt of shares of Common Stock upon exercise thereof shall be for his own account, for investment and not with a view to the resale or distribution thereof and that any subsequent offer for sale or sale of any such shares shall be made either pursuant to (a) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with respect to the shares being offered and sold or (b) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Optionee shall, prior to any offer for sale or sale of such shares, obtain a favorable written opinion from counsel for or approved by the Company as to the availability of such exemption.

The Company may endorse an appropriate legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon exercise of any option granted under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such shares.

19. Listing of Shares and Related Matters. If at any time the Board of Directors shall determine, in its sole discretion, that the listing, registration or qualification of the shares covered by the Plan upon any national securities exchange or market system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares under the plan, no shares will be delivered unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board of Directors.

20. Governing Law. The Plan and all options which may be granted under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware from time to time obtaining.

21. Gender. Unless the context of the Plan otherwise requires, the masculine, feminine or neuter gender each shall include the other genders and the singular shall include the plural.

22. Effective Date of Plan. The Plan shall become effective upon approval by the affirmative vote of the holders of a majority of the Common Stock present in person or by proxy and entitled to vote at a duly called and convened meeting of such holders.

**JACK HENRY & ASSOCIATES, INC.
1996 STOCK OPTION PLAN**

(As Amended Effective May 9, 2008)

1. PURPOSES OF THE PLAN

This 1996 Stock Option Plan (the "Plan") is intended to promote the interests of JACK HENRY & ASSOCIATES, INC. ("JHA") by providing a method whereby those employees of JHA or its subsidiaries who are primarily responsible for the management, growth and financial success of JHA and its subsidiaries may be offered incentives and rewards which will encourage them to acquire a proprietary interest, or otherwise increase their proprietary interest in JHA and remain in the service and employ of JHA or its subsidiaries.

2. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Board of Directors (the "Board") of JHA. The Board, however, may at any time appoint a committee ("Committee") of two (2) or more non-employee directors and delegate to such Committee one or more of the administrative powers allocated to the Board under the provisions of the Plan, including (without limitation) the power to determine the person or persons to be granted options under the Plan, the number of shares to be covered by such options, whether such options are to be incentive stock options ("Incentive Option") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or nonqualified options not intended to meet the requirements of Section 422, and the time or times at which options are to be exercisable. Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

(b) References to the Committee in various sections of the Plan shall be of no force or effect unless the Committee is at the time responsible for the administration of the section of the Plan which includes the reference to the Committee. The Board is authorized (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for the proper administration of the Plan and to make such determinations under, and issue such interpretations of, the Plan and any outstanding options as it may deem necessary or advisable. Decisions of the Board or the Committee, as the case may be, shall be final and binding on all parties who have an interest in the Plan or any outstanding option.

(c) All determinations made and other actions taken by the Board or Committee shall be made by the affirmative vote of a majority of the members of the Board or Committee, but any determination or action reduced to writing and signed by a majority of the members of the Board or Committee shall be fully as effective as if it had been made or taken by a majority vote at a meeting duly called and held.

3. ELIGIBILITY FOR OPTION GRANTS

(a) The persons who shall be eligible to receive options pursuant to the Plan are such employees of JHA, any Subsidiary Corporation of JHA ("Subsidiary Corporation") or any Affiliated Company of JHA, as hereinafter defined, including employees who are members of the Board of JHA, as the Board or Committee shall from time to time select. As used herein, the term "Subsidiary Corporation" shall be defined as set forth in Section 424(f) of the Code.

(b) The Board or Committee shall have full authority to determine the number of shares to be covered by granted options, whether options are to be Incentive Options under Section 422 of the Code or nonqualified options not intended to meet the requirements of Section 422, the time or times at which options are to be exercisable, and such other terms and conditions as may be applicable to such options.

4. STOCK SUBJECT TO THE PLAN

(a) The stock issuable under the Plan shall be shares of JHA authorized but unissued or reacquired Common Stock par value \$.01 ("Common Stock"). The aggregate number of shares which may be issued under the Plan (and which may be issued pursuant to the exercise of Incentive Options) shall not exceed Eighteen Million (18,000,000) shares. The total number of shares issuable under the Plan shall be subject to adjustment from time to time in accordance with subsection (c) below. [Reflects amendments of 11-29-99 and 10-29-02, and stock splits through 3-2-01.]

(b) Should an option expire, be surrendered in whole or in part or terminate for any reason without being exercised, then the shares subject to the portion of the option expired, surrendered or not so exercised shall be available for subsequent option grants under the Plan; provided, however, shares subject to any option or portion thereof surrendered in accordance with Section 7 of the Plan shall not be available for subsequent option grants under the Plan.

(c) In the event any change is made to the Common Stock issuable under the Plan (whether by reason of merger, consolidation, reorganization, recapitalization, or exchange of shares or by stock dividend, stock split, combination of shares, or other change in capital structure effected without receipt of consideration), then unless such change results in the termination of all outstanding options pursuant to the provisions of Section 7 of the Plan, such adjustments shall be made in the maximum number and/or class of shares issuable under the Plan and in the number, class of shares and/or the option price per share of the stock subject to each outstanding option as may be determined by the Board to be appropriate in order to prevent the dilution of benefits hereunder or under outstanding options.

5. TERMS AND CONDITIONS OF OPTIONS

(a) Option Agreements. The granting of an option hereunder shall occur at the time the Board or Committee adopts a resolution granting an option pursuant to this Plan or at such later date as may be specified by the Board or the Committee in such resolution (the "Grant Date"). Options granted pursuant to the Plan shall be evidenced by instruments in such form and containing such terms and conditions as the Board shall from time to time authorize; provided, however, that each such instrument shall comply with and incorporate the terms and conditions specified in this Section 5.

(b) Option Price.

(1) The option price per share shall be fixed by the Board or Committee, but in no event shall the option price per share be less than one hundred percent (100%) of the fair market value of a share of Common Stock on the date of the option grant.

(2) The option price shall become immediately due upon exercise of the option and shall be payable in one of the alternative forms specified below:

(A) full payment in cash, or by check or wire transfer payable to JHA;

(B) full payment in shares of Common Stock having a fair market value on the Exercise Date (as such term is defined below) equal to the option price;

(C) any combination of cash, check or wire transfer payable to JHA and/or shares of Common Stock valued at fair market value on the Exercise Date, equal in the aggregate to the option price; or

(D) solely with respect to nonqualified options granted under the Plan, by a "net exercise" arrangement pursuant to which JHA will not require a payment of the option price but will reduce the number of shares of common stock issued upon the exercise by the largest number of whole shares that has a fair market value on the Exercise Date that does not exceed the aggregate option price. With respect to any remaining balance of the aggregate option price, JHA will accept a cash payment from the optionee.

For purposes of this subsection (2), the Exercise Date shall be the date on which written notice of the exercise of the option is delivered to JHA, together with payment of the option price for the purchased shares.

(3) The fair market value of a share of Common Stock on any relevant date under subsections (1) and (2) above (and for all other valuation purposes under the Plan) shall be determined in accordance with the following provisions:

(A) If the Common Stock is not at the time listed or admitted to trading on any stock exchange, but is traded in the over-the-counter market, the fair market value shall be the reported closing price of one share of Common Stock on the valuation date in the over-the-counter market, as such prices are reported by the National Association of Securities Dealers, Inc. through its NASDAQ system or any successor system. If there is no reported closing price on the valuation date, then the mean between the last reported bid price and last reported asked price (or, if available, the closing price) on the last date preceding the valuation date for which such quotations or prices existed shall be determinative of fair market value.

(B) If the Common Stock is at the time listed or admitted to trading on any stock exchange, then the fair market value shall be the reported closing price of one share of Common Stock on the valuation date on the stock exchange determined by the Board or Committee to be the primary market for the Common Stock, as such price is officially quoted by such exchange. If there is no reported closing price on such exchange on the valuation date, then the fair market value shall be the mean between the last reported high and low sales prices (or, if available, the closing price) on the exchange on the last date preceding the valuation date for which such quotations exist.

(C) If the Common Stock at the time is neither listed nor admitted to trading on any stock exchange nor traded in the over-the-counter market, then the fair market value shall be determined by the Board after taking into account such factors as the Board shall deem appropriate, including valuations of the stock performed by independent appraisers selected by the Board.

(c) Term and Exercise of Options. Each option granted under the Plan shall become exercisable at such time or times and upon fulfillment of such conditions as are determined by the Board and for such period of time thereafter and for such number of shares as shall be determined by the Board or Committee and set forth in the instrument evidencing such option. However, no option granted under the Plan shall have a term in excess of ten (10) years from the grant date.

(d) Assignability. For the first six (6) months after the date of grant, no option granted under the Plan shall be transferable by the optionee other than by will or by the laws of descent and distribution. Following the first six (6) months after the date of grant, options may be transferred during the lifetime of an optionee, to any "Permitted

Transferee". "Permitted Transferees" shall include members of the immediate family of the optionee, any charity qualified under 501(c)(3) of the Internal Revenue Code and any trust established for the benefit of the optionee or the optionee's immediate family members. For this purpose, "immediate family member" shall mean the optionee's spouse, children, step-children, grandchildren and step-grandchildren and any partnership, corporation, limited liability company or other entity, all the beneficial interests in which are held by the optionee or immediate family members. Permitted Transferees may only transfer options to other Permitted Transferees of the optionee. JHA may disregard any transfer of an option which has not been properly registered with JHA or its agents. In the event of a death of a Permitted Transferee who held options at death, such options shall thereafter be exercisable, as provided in subsection (f)(3), by such person(s) entitled to do so under the will of the Permitted Transferee, or by the legal representative of the Permitted Transferee.

(e) Employment Status. For purposes of Section (f) of this Section 5, an optionee shall be deemed to be an employee of JHA if such optionee is employed by i) JHA; ii) a Parent Corporation (as that term is defined in Section 424(e) of the Code) of JHA ("Parent Corporation"); iii) a Subsidiary Corporation of JHA; or iv) any corporation in which JHA directly or indirectly owns stock possessing at least twenty percent (20%) of the total combined voting power of all classes of stock; or any partnership in which JHA directly or indirectly owns at least twenty percent (20%) of the capital interest or profits interest ("Affiliated Company") (JHA and all such other companies are sometimes hereinafter referred to as the "employer corporation"); provided, however, that if an optionee is employed by an Affiliated Company, no shares of stock acquired by such optionee upon exercise of an Incentive Option will be eligible to qualify for tax treatment under Section 422 of the Code unless such optionee was employed by JHA, a Subsidiary Corporation or a Parent Corporation of JHA on the date such Incentive Option was granted and such optionee acquires such stock by exercising such Incentive Option not later than three (3) months from the date such optionee is last employed by JHA, a Subsidiary Corporation or a Parent Corporation of JHA.

(f) Effect of Termination of Employment

(1) In the event the employment of an employee to whom an option has been granted under the Plan shall be terminated other than by reason of permanent disability within the meaning of Section 22 (e) (3) of the Code, retirement pursuant to any retirement plan of an employer corporation, or by death, then (i) all unvested options shall immediately terminate and (ii) all vested and exercisable options held by such employee under the Plan shall terminate and no longer be exercisable after 30 days following the date of such termination of employment (but in any event not later than the termination date of the option). Options granted under the Plan shall not be affected by any change of duties or position so long as the optionee continues to be in the employ of JHA. The option agreements may contain such provisions as the Board shall approve with reference to the effect of approved leaves of absence. If an interest in an option granted under the Plan is required by law to be transferred to a non-employee spouse of the Optionee pursuant to an order of a court in a divorce proceeding, such option must be exercised by the non-employee spouse within thirty (30) days following such transfer. If the non-employee spouse fails to exercise the option within the thirty day period, such option shall be deemed to be terminated and forfeited notwithstanding any vesting or other terms herein. [as amended 1-28-00 and 4-26-01]

(2) If an employee holding an option which has not expired or terminated shall become permanently disabled within the meaning of Section 22(e) (3) of the Code, then the employee shall have a period of one (1) year from the date of cessation of employee status during which to exercise such option or options for the number of shares for which such option or options are exercisable on the date of cessation of employee status, but in no event shall such options be exercisable after the specified expiration date of the option term. Upon the expiration of such limited period of

exercisability, or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be exercisable.

(3) If an employee holding an option which has not expired or terminated shall retire pursuant to any retirement plan of any employer corporation, then the employee shall have a period of three (3) months from the date of cessation of employee status during which to exercise such option or options for the number of shares for which such option or options are exercisable on the date of cessation of employment status, but in no event shall such options be exercisable after the specified expiration date of the option. Upon the expiration of such limited period of exercisability, or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be exercisable.

(4) If a person holding an option which has not expired or terminated shall die, then the estate of the decedent or the person or persons to whom his or her rights under the option were transferred by will or by the laws of descent and distribution shall have a period of one (1) year from the date of death during which to exercise such option or options for the number of shares as to which the decedent could have exercised such option at the time of his or her death, but in no event shall such options be exercisable after the specified expiration date of the option term. Any such exercise shall be effected by written notice to the Board from the persons entitled to exercise the option and the person or persons giving the same shall furnish to the Board such other documents or papers as the Board may reasonably require, including, without limitation, evidence of the authority of such person or persons to exercise the option and evidence satisfactory to the Board that any death taxes payable with respect to such shares have been paid or provided for. Upon the expiration of such limited period of exercisability, or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be exercisable.

(g) Stockholder Rights. An option holder shall have none of the rights of a stockholder with respect to any shares covered by the option until such individual shall have exercised the option, paid the option price and been issued a stock certificate for the purchased shares. Upon exercise of the option, payment of the option price and issuance of the stock certificate, the option holder shall have all of the rights of a stockholder with respect to such shares including voting and dividend rights, subject only to the provisions of this Plan and other instruments implementing the provisions hereof.

(h) Change in Option Terms. Notwithstanding the terms of this Plan or of individual option agreements granted hereunder, the Board or Committee may, in its discretion, upon the death, disability or termination of employment of the option holder, or in such other circumstances as the Board or Committee may deem appropriate in its sole discretion, extend the term of the option or accelerate vesting thereof. In no event, however, shall the term of any option be extended to a date after ten (10) years from the grant date. [amended 6-29-2005]

(i) Withholding.

(1) Upon any exercise of a nonqualified stock option, the Optionee shall make appropriate arrangements with JHA to provide for the minimum amount of additional withholding required by applicable federal and state income tax and payroll laws, including payment of such taxes through delivery of Common Stock or by withholding Common Stock to be issued under the Option, as provided in Section 13 hereof.

(2) In the event that an Optionee makes a disposition (as defined in Code section 424(c)) of any Common Stock acquired pursuant to the exercise of an Incentive Option prior to the later of (i) the expiration of two years from the date on which the Incentive Option was granted or (ii) the expiration of one year from the date on which the Option was exercised, the Optionee shall send written notice to JHA at its principal office (Attention: General Counsel) of the date of such disposition, the number of shares disposed of, the amount of proceeds received from such disposition, and any other information relating to such disposition as JHA may reasonably request. The Optionee shall, in the event of such a disposition, make appropriate arrangements with JHA to provide for the amount of additional withholding, if any, required by applicable federal and state income tax laws.

6. INCENTIVE OPTIONS.

(a) The additional terms and conditions specified below shall be applicable to all Incentive Options granted under the Plan. Options which are specifically designated as "nonqualified" options when issued under the Plan shall not be subject to such additional terms and conditions.

(1) Dollar Limitation. The aggregate fair market value (determined as of the respective date or dates of grant) of the Common Stock with respect to which Incentive Options granted under the Plan (or any other plan of JHA or its parent or subsidiary corporations) are exercisable for the first time by any optionee during any calendar year shall not exceed One Hundred Thousand Dollars (\$100,000) or such greater amount as may be permitted under subsequent amendments to Section 422 of the Code.

(2) Ten Percent (10%) Shareholder. If any employee to whom an Incentive Option is to be granted pursuant to the provisions of the Plan is on the date of grant the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of JHA or any one of its Parent or Subsidiary Corporations, then the following special provisions shall be applicable to the Incentive Option granted to such individual:

(A) The option price per share of the Common Stock subject to such Incentive Option shall not be less than one hundred ten percent (110%) of the fair market value of one share of Common Stock on the date of grant; and

(B) No such Incentive Option shall have a term in excess of five (5) years from the date of grant.

(3) Assignability. During the lifetime of the optionee, the Incentive Option shall be exercisable only by the optionee and shall not be assignable or transferable by the optionee otherwise than by will or by the laws of descent and distribution.

(b) Except as modified by the preceding provisions of this Section 6, all the provisions of the Plan shall be applicable to Incentive Options granted hereunder.

7. SURRENDER AND TERMINATION OF OPTIONS.

(a) If either JHA or its stockholders enter into an agreement to dispose of all or substantially all of the assets of JHA or fifty percent (50%) or more of the outstanding voting stock of JHA by means of a sale, merger, reorganization or liquidation, then the Board shall have the discretionary authority, exercisable upon such terms and conditions as it deems appropriate, to authorize the surrender of all unexercised options in exchange for a cash distribution equal in amount to the difference between i) the fair market value at the authorized surrender date of the shares for which the surrendered option or portion thereof is at the time exercisable, and ii) the aggregate option price payable for such shares.

(b) If, in connection with any such sale, merger, reorganization or liquidation, provision is made for each outstanding option to either be assumed by the successor corporation (or parent thereof) or be replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof), each person holding unexercised options shall be entitled to have such options assumed by the successor corporation (or parent thereof) or replaced with a comparable option, as the case may be. The determination of option comparability will be made by the Board, and its determination shall be final, binding and conclusive.

(c) Upon consummation of such sale, merger, reorganization or liquidation, all outstanding options under the Plan shall terminate and cease to be exercisable, unless assumed by the successor corporation (or parent thereof).

(d) The grant of options under the Plan shall in no way restrict or affect the right of JHA or its stockholders to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

8. CANCELLATION AND NEW GRANT OF OPTIONS

The Board shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Plan. [amended 10-29-02]

9. AMENDMENT OF THE PLAN.

The Board shall have the exclusive power and authority to amend or modify the Plan in any or all respects whatsoever; provided, however, that no such amendment or modification shall, without the consent of the option holders, adversely affect rights and obligations with respect to options at the time outstanding under the Plan; and provided, further, that the Board shall not, without the approval of the stockholders of JHA, i) increase the maximum number of shares issuable under the Plan, except for permissible adjustments under Section 4(c); ii) materially modify the eligibility requirements for the grant of options under the Plan; or iii) make any other changes in the Plan which require stockholder approval pursuant to Section 422 of the Internal Revenue Code.

10. EFFECTIVE DATE AND TERM OF PLAN

(a) The Plan shall become effective upon the later of i) November 1, 1996 or ii) the date the Plan shall have been approved by the JHA stockholders. The Board or Committee may grant options under the Plan at any time after the effective date and before the date fixed herein for termination of the Plan. The JHA 1987 Stock Option Plan shall terminate upon the effective date of this Plan, provided that all options then outstanding under the 1987 Stock Option Plan shall thereafter continue to have force and effect in accordance with the provisions of the instruments evidencing such options.

(b) Unless sooner terminated by the Board or otherwise, the Plan shall terminate upon the earlier of i) the tenth (10th) anniversary of the effective date of the Plan, or ii) the date on which all shares available for issuance under the Plan shall have been issued pursuant to the exercise or surrender of options granted hereunder. If the date of termination is determined under clause (i) above, then options outstanding on such date shall thereafter continue to have force and effect in accordance with the provisions of the instruments evidencing such options.

(c) Options may be granted under this Plan to purchase shares of Common Stock in excess of the number of shares then available for issuance under the Plan, provided i) an amendment to increase the maximum number of shares issuable under the Plan is adopted by the Board prior to the initial grant of any such option and is thereafter approved by the stockholders of JHA, and ii) each option so granted is not to become exercisable, in whole or in part, at any time prior to the obtaining of such stockholder approval.

11. USE OF PROCEEDS

The proceeds received by JHA from the sale of shares pursuant to options granted under the Plan shall be used for general corporate purposes.

12. STOCK RESERVE

JHA shall, at all times during the term of this Plan, reserve and keep available such number of shares of stock as will be sufficient to satisfy the requirements of this Plan. Such obligation to reserve shares of stock shall apply only with respect to options actually outstanding under this Plan and not with respect to the total number of shares available under this Plan for which options have not been granted.

13. WITHHOLDING

(a) **Withholding Requirement.** JHA's obligations to deliver shares of Common Stock upon the exercise of an Option shall be subject to the Optionee's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

(b) **Withholding with Stock.** The Optionee may pay all minimum required amounts of tax withholding, or any part thereof, by electing to transfer to JHA, or to have JHA withhold from the Common Stock otherwise issuable to the Optionee, Common Stock having a value not greater than the minimum amount required to be withheld under federal, state or local law or such lesser amount as may be elected by the Optionee. The Committee may require that any shares transferred to JHA have been held or owned by the Optionee for a minimum period of time. The value of Common Stock to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld is to be determined (the "Tax Date"), as determined by the Committee. Any such elections by Optionee to have shares of Common Stock withheld for this purpose must be made prior to the Tax Date, and shall be irrevocable.

14. LISTING, REGISTRATION AND COMPLIANCE WITH LAWS AND REGULATIONS

Each option shall be subject to the requirement that if at any time the Board shall determine, in its discretion, that the listing of the shares subject to the option upon any securities exchange or the registration or qualification of such shares under any state or federal securities or other law or regulation, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such option or the issue or purchase of the shares thereunder, no such option may be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board, and the option holder will supply JHA with such certificates, representations and information as JHA shall request and shall otherwise cooperate with JHA in obtaining such listing, registration, qualification, consent or approval. In the case of officers and other persons subject to Section 16(b) of the Securities Exchange Act of 1934, the Board may at any time impose any limitations upon the exercise of an option which, in the Board's discretion, are necessary or desirable to permit transactions hereunder by such persons to comply with Section 16(b) and the rules and regulations thereunder. If JHA, as part of an offering of securities or otherwise, finds it desirable because of federal or state regulatory requirements to reduce the period during which any options may be exercised, the Board may, in its discretion and without the option holders' consent, so reduce such period on not less than fifteen (15) days' written notice to the option holders.

[Plan as amended effective as of May 9, 2008]

JACK HENRY & ASSOCIATES, INC.
2005 NON-QUALIFIED STOCK OPTION PLAN

Adopted by the Stockholders November 1, 2005
(Amended and Restated May 9, 2008)

Jack Henry & Associates, Inc. (the "Company"), a Delaware corporation, hereby formulates and adopts the following 2005 Non-Qualified Stock Option Plan (the "Plan") for non-employee directors of the Company.

1. Purpose. The purpose of the Plan is to obtain for the Company the benefits of the additional incentive inherent in the ownership of Common Stock, \$.01 par value per share, of the Company ("Common Stock"), by selected non-employee directors of the Company who are important to the success and the growth of the business of the Company, to help the Company retain the services of such persons, and to compensate such persons for their service on the Board of Directors.

2. Stock Option Committee. The Board of Directors of the Company shall appoint from among its members a Non-Qualified Stock Option Committee (the "Committee"), consisting of no fewer than two directors, none of whom shall be eligible to participate under the Plan. The Committee shall select one of its members as Chairman and shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings and the transaction of its business. A majority of the whole Committee shall constitute a quorum, and the act of a majority of the members of the Committee shall be the act of the Committee. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board of Directors of the Company; and any vacancy on the Committee may at any time be filled by resolution adopted by the Board of Directors.

3. Stock Subject to Options. Subject to the provisions of paragraph 13, the number of shares of Common Stock subject at any one time to options granted under the Plan plus the number of such shares then outstanding pursuant to exercises of options granted under the Plan shall not exceed an aggregate of 700,000 shares. If and to the extent that options granted under the Plan terminate or expire in accordance with paragraph 8 without having been exercised, new options may be granted with respect to the shares covered by such terminated or expired options, provided that the granting and terms of such new options shall in all respects comply with the provisions of the Plan.

There shall be reserved at all times for sale under the Plan a number of shares of Common Stock (either authorized and unissued shares or shares held in the Company's treasury, or both) equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan.

Shares transferred by the Company upon the exercise of any option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury, or both.

4. Administration. The Committee shall have the authority and responsibility, within the limitations of the Plan, as amended or modified from time to time, to calculate the "fair market value" of shares subject to grant in accordance with paragraph 7, the terms and provisions of the respective Option Agreements (which need not be identical), and to make all other determinations necessary or advisable for administering the Plan.

Any or all powers and functions of the Committee may at any time and from time to time be exercised by the Board of Directors or the Executive Committee thereof; provided, however, that such powers and functions of the Committee may be exercised by the Board of Directors or the Executive Committee, as the case may be, only if, at the time of such exercise, a majority of the members of the entire Board of Directors or the Executive Committee, as the case may be, and a majority of the directors acting in the particular matter, are not eligible to participate under the Plan.

5. Eligible Participants. Options may be granted under the Plan only to non-employee directors of the Company. A "non-employee director" shall mean a director who is not at the time of the grant to him of any option under the Plan, or at any time within one year prior thereto, an employee of the Company or its subsidiaries. A non-employee director receiving any option under the Plan is hereinafter referred to as an "Optionee".

6. Grant of Options.

(a) Annual Grants. On the third business day following the day of each annual meeting of the stockholders of the Company, each non-employee director shall automatically and without further action of the Board or the Committee be granted a non-statutory stock option (a stock option which does not qualify under Sections 422 or 423 of the Internal Revenue Code of 1986) to purchase 10,000 shares of Common Stock, subject to adjustment and substitution as set forth below. If the number of shares then remaining available for the grant of stock options under the Plan is not sufficient for each non-employee director to be granted an option for 10,000 shares (or the number of adjusted or substituted

shares), then each non-employee director shall be granted an option for a number of whole shares equal to the number of shares then remaining available divided by the number of non-employee directors, disregarding any fractions of a share.

(b) Grant Limitation. Notwithstanding any other provision of this Plan, no non-employee director may be granted options to purchase more than 100,000 shares of Common Stock pursuant to the Plan.

7. Price.

(a) The option price of each share of Common Stock purchasable under any option granted under the Plan shall be 100% of the "fair market value" thereof at the time the option is granted.

(b) The option price shall become immediately due upon exercise of the option and shall be payable in one of the alternative forms specified below: (1) full payment by certified check payable to the Company; (2) full payment in shares of Common Stock having a fair market value on the Exercise Date (as such term is defined below) equal to the option price, which shares shall have been held for more than six months by the individual; (3) any combination of certified check payable to the Company and/or shares of Common Stock valued at fair market value on the Exercise Date, equal in the aggregate to the option price; or (4) by a "net exercise" arrangement pursuant to which the Company will not require a payment of the option price but will reduce the number of shares of common stock issued upon the exercise by the largest number of whole shares that has a fair market value on the Exercise Date that does not exceed the aggregate option price. With respect to any remaining balance of the aggregate option price, the Company will accept a cash payment from the Optionee. For purposes of this subsection (b), the Exercise Date shall be the date on which written notice of the exercise of the option is delivered to the Company, together with payment of the option price for the purchased shares.

(c) The "fair market value" of a share on a particular date shall be: (1) if shares of Common Stock are listed on such date on one or more national securities exchanges, the last reported sale price of a share on such date as recorded on the composite tape system or if such system does not cover the Common Stock, the last reported sale price of a share on such date on the principal national securities exchange on which shares of the Common Stock are listed, or if no sale of Common Stock took place on such date, the last reported sale price of a share on the most recent day on which a sale of a share took place as recorded by such exchange, as the case may be; or (2) if Common Stock is not listed on such date on any national securities exchange, the mean between the last closing bid and asked quotations of a share of Common Stock on such date (or if none, on the most recent date on which there were bid and asked quotations of a share), as reported by the OTC Bulletin Board, or other similar service selected by the Board of Directors or the Committee.

8. Exercisability, Vesting and Duration of Options. No option granted under the Plan shall be exercisable until six months after the date of grant. Subject to the foregoing, all options granted under the Plan shall be fully vested and exercisable after the fourth anniversary of the date of the director's first election or appointment to the Board of Directors of the Company (the "Initial Service Date"). For directors who have served less than four continuous years, and subject to the first sentence of this paragraph 8, options granted under the Plan shall vest and become exercisable as follows:

- (a) with respect to 25% of the shares subject to option, after the expiration of one year from the Initial Service Date;
- (b) with respect to 50% of the shares subject to option, after the expiration of two years from the Initial Service Date;
- (c) with respect to 75% of the shares subject to option, after the expiration of three years from the Initial Service Date.

Provided, however, that any option granted under the Plan shall become exercisable in its entirety upon the Optionee's death, illness, disability or retirement as determined by the Committee; and provided further that no portion of any option not theretofore exercisable shall become exercisable following the removal or termination of the Optionee as a director of the Company, for any reason other than his or her death, illness, disability or retirement as determined by the Committee.

The unexercised portion of any vested option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following: (i) the expiration of ten years from the date on which such option was granted; (ii) the expiration of one year following the issuance of letters testamentary or letters of administration to the executor or administrator of a deceased Optionee or Permitted Transferee (as defined in paragraph 10); or (iii) the surrender by the Optionee or Permitted Transferee to the Company of any such option (whether or not in exchange for any other option).

9. Exercise of Options. Options granted under the Plan shall be exercised by the Optionee (or by his executors or administrators, or Permitted Transferee, as provided in paragraph 10) as to all or part of the shares covered thereby, by the giving of written notice of the exercise thereof to the Company at its principal business office, specifying the number of shares to be purchased, specifying a business day, not less than 10 days nor more than 15 days from the date such notice is given, for the payment of the purchase price against delivery of the shares being purchased and specifying the method of payment of such purchase price. Upon any exercise of an Option, the Optionee shall make appropriate arrangements with the Company to provide for the minimum amount of additional withholding required by applicable federal and state income tax and payroll laws, including payment of such taxes through delivery of Common Stock or by withholding Common Stock to be issued under the Option, as provided in Section 17 hereof.

Subject to the provisions of paragraph 18, the Company shall cause certificates for the shares so purchased to be delivered to the Optionee or his executors or administrators or Permitted Transferee at its principal business office, against payment of the full purchase price, on the date specified in the notice of exercise.

10. Non-Transferability of Options. For the first six months after the date of grant, no option granted under the Plan shall be transferable by the Optionee other than by will, or if the Optionee dies intestate by the laws of descent and distribution. In the event of the Optionee's death, options held by him at death shall thereafter be exercisable, as provided in subparagraph 8(ii), by such person(s) entitled to do so under the will of the Optionee or, if the Optionee shall fail to make testamentary disposition of the stock option or shall die intestate, by the legal representative of the Optionee.

Options may be transferred, following the first six months after the date of grant and during the lifetime of an Optionee, to any "Permitted Transferee". Any such options shall remain subject to all of the terms and conditions of this Plan, including but not limited to the provisions on vesting and exercisability set forth in paragraph 8. "Permitted Transferee" shall include members of the immediate family of the Optionee, any trust established for the benefit of the Optionee or the Optionee's immediate family members, or any charity qualified under §501(c)(3) of the Internal Revenue Code. For this purpose, "immediate family member" shall mean the Optionee's spouse, children, step-children, grandchildren and step-grandchildren, and any partnership, corporation, limited liability company or other entity, all the beneficial interests in which are held by the Optionee or immediate family members. Permitted Transferees may only transfer options to other Permitted Transferees of the Optionee. The Company may disregard any transfer of an option which has not been properly registered with the Company or its agents. In the event of the death of a Permitted Transferee who held options at death, such options shall thereafter be exercisable, as provided in subparagraph 8(ii), by such person(s) entitled to do so under the will of the Permitted Transferee, or if such holder shall fail to make testamentary disposition of the stock option or shall die intestate, by the legal representative of the Permitted Transferee.

11. Rights of Optionee. Neither the Optionee nor his Permitted Transferees, executors or administrators shall have any of the rights of a stockholder of the Company with respect to the shares subject to an option granted under the Plan until certificates for such shares shall have been issued upon the exercise of such option.

12. Right to Terminate. Nothing in the Plan or in any option granted under the Plan shall confer upon any Optionee the right to continue as a director of the Company or affect the right of the stockholders of the Company to terminate the Optionee as a director at any time, or the right of the Board of Directors to elect or remove directors, subject, however, to the provisions of Delaware law.

13. Adjustment of Shares. If any change is made in the shares subject to the Plan or subject to any option granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, split-up, combination of shares, exchange of shares, issuance of rights to subscribe, or change in capital structure), appropriate adjustments or substitutions shall be made by the Committee in or for such shares (including adjustments in the maximum number of shares subject to the Plan and the number of such shares and price per share subject to the Plan and the number of such shares and price per shares subject to outstanding options) as the Committee in its sole discretion shall deem equitable to prevent dilution or enlargement of option rights; provided, however, that in the case of any transaction (or series of transactions carried out within a period of twelve consecutive months) in which the Company is consolidated or merged with another corporation (other than a subsidiary or other affiliated company of the Company), or in which substantially all of the properties or assets of the Company are acquired by another person, firm or corporation (other than one or more subsidiaries or other affiliated companies of the Company), and in which the stockholders of the Company receive, either directly or indirectly, as consideration, cash and/or non-equity securities or a package which does not include an amount of equity securities (as defined in Section 3(a)(11) of the Exchange Act) equal to more than 20% of the aggregate value of such package as conclusively determined by the Committee, the Committee shall, alternatively, have the right to terminate all then outstanding options (in which event such options shall not be subject to the above described adjustments) by causing written notice of such termination to be given to each Optionee not less than 30 days prior to the date on which such consolidation, merger or acquisition is expected to become effective and, if applicable, the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such consolidation, merger or acquisition. In providing such notice, the Board of Directors may, in its discretion, with respect to options, waive the restrictions on exercise pursuant to paragraph 8 and permit such option or options to become immediately exercisable. Such notice shall be deemed duly given when delivered personally, or mailed first-class postage prepaid, to each Optionee at his address appearing in the records of the Company, and failure to give such notice to any Optionee, or any defect therein, shall not affect the termination of an option held by any other Optionee.

14. Amendment of the Plan. The Board may, from time to time, amend or modify the Plan in all respects, except that without stockholder approval no such amendment or modification may (a) increase the total number of shares reserved for options thereunder (other than an increase merely reflecting an adjustment as described in paragraph 13), (b) change the option price from 100% of the "fair market value" on the date of grant, (c) change the class of non-employee directors eligible to receive options, or (d) extend the period of exercise beyond ten years from the date of grant. Rights and obligations under any option previously granted under the Plan may not be altered or impaired by any such amendment or modification of the Plan except upon consent of the person to whom such option was granted.

15. Termination or Suspension of the Plan. The Board of Directors may at any time suspend or terminate the Plan. The Plan, unless sooner terminated, shall terminate at the close of business on November 30, 2015. An option may not be granted while the Plan is suspended or after it is terminated. Rights and obligations under any option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except upon the consent of the person to whom such option and right were granted.

16. Form of Agreements with Optionees. Subject to the limitations of the Plan as amended or modified from time to time, every option granted under the Plan shall be in such form and shall contain such terms and conditions (which need not be identical) as the Committee, in its discretion, may determine. The rights and obligations under any such form of option granted under the Plan shall not be altered or impaired, except upon consent of the person to whom such option and right were granted.

17. Withholding.

(a) The Company's obligations to deliver shares of Common Stock upon the exercise of an Option shall be subject to the Optionee's satisfaction of all applicable federal, state and local income and other tax withholding requirements.

(b) The Optionee may pay all minimum required amounts of tax withholding, or any part thereof, by electing to transfer to the Company, or to have the Company withhold from the Common Stock otherwise issuable to the Optionee, Common Stock having a value not greater than the minimum amount required to be withheld under federal, state or local law or such lesser amount as may be elected by the Optionee. The Committee may require that any shares transferred to the Company have been held or owned by the Optionee for a minimum period of time. The value of Common Stock to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld is to be determined (the "Tax Date"), as determined by the Committee. Any such elections by Optionee to have Shares withheld for this purpose must be made prior to the Tax Date, and shall be irrevocable.

18. Purchase for Investment. If the Committee in its discretion determines that as a matter of law such procedure is or may be desirable, it may require the Optionee, upon any exercise of an option granted hereunder or any portion thereof and as a condition to the Company's obligation to deliver certificates representing the shares subject to exercise, to execute and deliver to the Company a written statement, in form satisfactory to legal counsel for the Company, representing and warranting that his purchase or receipt of shares of Common Stock upon exercise thereof shall be for his own account, for investment and not with a view to the resale or distribution thereof and that any subsequent offer for sale or sale of any such shares shall be made either pursuant to (a) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with respect to the shares being offered and sold or (b) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Optionee shall, prior to any offer for sale or sale of such shares, obtain a favorable written opinion from counsel for or approved by the Company as to the availability of such exemption.

The Company may endorse an appropriate legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon exercise of any option granted under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such shares.

19. Listing of Shares and Related Matters. If at any time the Board of Directors shall determine, in its sole discretion, that the listing, registration or qualification of the shares covered by the Plan upon any national securities exchange or market system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares under the plan, no shares will be delivered unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board of Directors.

20. Governing Law. The Plan and all options which may be granted under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware from time to time obtaining, without regard to the principles of conflicts of laws which might otherwise apply.

21. Gender. Unless the context of the Plan otherwise requires, the masculine, feminine or neuter gender each shall include the other genders and the singular shall include the plural.

22. Effective Date of Plan. The Plan shall become effective upon approval by the affirmative vote of the holders of a majority of the Common Stock present in person or by proxy and entitled to vote at a duly called and convened meeting of such holders.

The foregoing Plan was initially approved and adopted by the Board of Directors on August 26, 2005, and was amended and restated effective May 9, 2008.

Jack Henry and Associates, Inc. Subsidiaries

Jack Henry & Associates, Inc.

Jack Henry Services, L.P.

Jack Henry Systems, L.P.

Jack Henry Software/Commlink, L.P.

Symitar Systems, Inc.

Check Collect, Inc.

Select Payment Processing, Inc.

RPM Intelligence, LLC

Tangent Analytics, LLC

Margin Maximizer, Inc. dba USBA

Gladiator Technology Services, Inc.

Audiotel Corporation

Jack Henry International, Ltd.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Numbers 33-65251, 333-16989, 333-63912, 333-101680, 333-130078, 333-130079, and 333-138891 on Form S-8 of our reports dated August 27, 2008 relating to the consolidated financial statements of Jack Henry & Associates, Inc. (which reports express an unqualified opinion and includes explanatory paragraphs relating to changes in accounting for income taxes and discontinued operations) and the effectiveness of Jack Henry & Associates, Inc. internal control over financial reporting appearing in the Annual Report on Form 10-K of Jack Henry & Associates, Inc. for the year ended June 30, 2008.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2008

CERTIFICATION

I, John F. Prim, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information ; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 28, 2008

/s/ John F. Prim

John F. Prim

Chief Executive Officer

CERTIFICATION

I, Kevin D. Williams, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information ; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 28, 2008

/s/ Kevin D. Williams

Kevin D. Williams

Chief Financial Officer

Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 28, 2008

/s/ John F. Prim

John F. Prim

Chief Executive Officer

Written Statement of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 28, 2008

/s/ Kevin D. Williams

Kevin D. Williams

Chief Financial Officer