jack henry & ASSOCIATES INC.

MOMENTUM >>

2015 Annual Report

MOMENTUM >> 2015

Since 1976, Jack Henry & Associates, Inc.® (JHA) has remained committed to offering industry-leading technology backed by unmatched service. Today, our approximately 5,900 associates develop and support solutions that empower nearly 10,900 financial institutions to process financial transactions, automate their businesses, and succeed in the competitive financial services marketplace.

> *As we approach our 40th year in business, we're energized by the momentum in our industry.*

Our core platforms, complementary products, and exceptional associates continue to propel our company, our clients, and our shareholders, forward.

---

jack henry & ASSOCIATES INC.®

OUR MARKETS

Our clients are financial institutions of all sizes, diverse businesses outside the financial industry, and other technology providers. Each of our distinct brands is committed to providing high quality, easily integrated solutions that are backed by integrity-based business relationships and service that is unmatched by our competitors.

www.jackhenry.com

OUR GUIDING PRINCIPLES

Our founders – Jack Henry and Jerry Hall – established our company's foundational principles 39 years ago. These important tenets still guide our business today.

Do the right thing, do whatever it takes, and have fun.

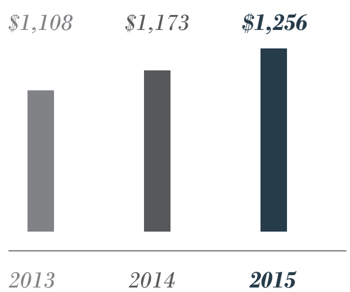
TABLE OF CONTENTS

jha

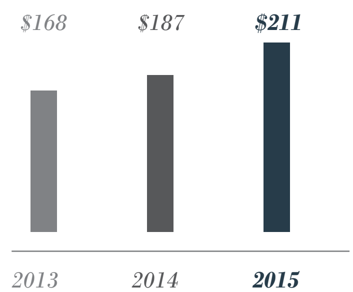
2015 FINANCIALS

(In millions except per share data)

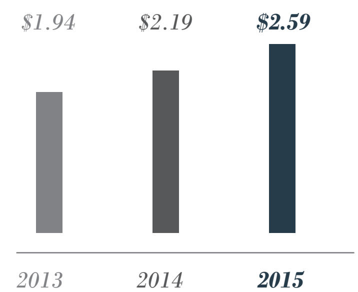
REVENUE



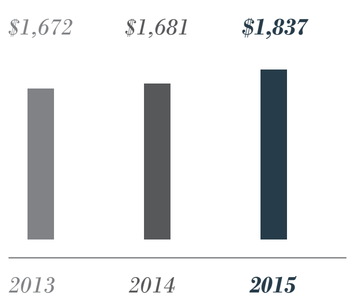
NET INCOME



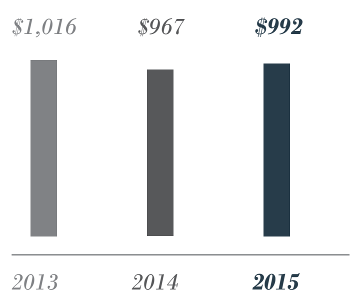
DILUTED EARNINGS
per share



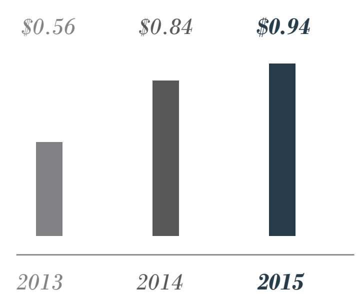
TOTAL ASSETS



STOCKHOLDERS' EQUITY



DIVIDENDS DECLARED
per share



MOMENTUM >>

FELLOW SHAREHOLDERS,

Fiscal year 2015 (ended June 30) marked our 39th year in business, 29th year as a public company, and another year of progress and solid financial results. As the economy continues to gain strength and financial institution balance sheets have reached their strongest position in decades, we have seen new evidence of industry health with five banks applying for new banking charters since the start of the financial crisis. Four have opened their doors and the fifth is planning a late 2015 opening.

In fiscal year 2015, we experienced a seamless management transition as David Foss assumed the role of President of JHA. We further strengthened our management team with the newly created position of Jack Henry Banking President. With this addition, each of our three brands is now led by a brand president who is ultimately responsible for customer satisfaction in the markets served by each brand.

We also strengthened our Board of Directors this year when Shruti Miyashiro joined the Board in March 2015 as an independent director. Shruti has served as the President and Chief Executive Officer of Orange County's Credit Union in Santa Ana, California since 2007. Her appointment expands the Board to eight members, including seven independent outside directors and one non-independent director.

Fiscal year 2015 was a milestone year for ProfitStars in that we celebrated the division's 10-year anniversary. Since ProfitStars was established in 2004 as a third brand to support our focused diversification strategy, we have successfully broadened our market reach with specialized solutions for virtually every financial services organization, regardless of asset size or core processing platform. ProfitStars' revenue contribution has increased significantly each year since the division's inception.

TEN

Years Since We Established Our ProfitStars® Division

During fiscal year 2015, we continued to see a growing preference for software delivered in a hosted environment which is also referred to as outsourcing, in-the-cloud, or Software-as-a Service (SaaS). Today, 46% of our core

39
YEARS IN BUSINESS

clients use the hosted model. This shift has been a significant contributor to our recurring revenue composition which reached 80% in fiscal year 2015.

We continue to experience strong growth in our electronic payments businesses, which currently generate more than $482 million in annual revenue, or 38% of our total revenue. This revenue is generated primarily by fees for each transaction processed, and with the increasing trend toward electronic payment alternatives (including online and mobile), this component is growing at a significantly higher rate than our traditional business.

Our teams continued to execute on our key product and growth strategies. In fiscal year 2015, we delivered a number of exciting new solutions to our clients including a new network hosting service, an enhanced mobile banking experience for our mobile banking clients, and a workflow solution to help our clients significantly improve operational efficiencies. Additionally, on July 1, 2015, we announced the acquisition of Bayside Business Solutions, a small company that will provide industry-leading commercial lending technology for our clients.

We generated 7% revenue growth during the year, with nearly 100% being organic. We returned $199 million to our shareholders as we increased our annual dividend by 12% and repurchased 2 million shares of JHA stock in the market. We will continue to use our strong balance sheet and cash flow to generate value for our shareholders through these and other methods.

During fiscal year 2015, revenue, earnings, and operating cash flow all reached record highs. Total revenue increased to a record $1,256 million. Net income was $211 million or $2.59 per diluted share, as compared to net income of $187 million or $2.19 per diluted share reported for fiscal year 2014. We generated strong cash flow from

29
YEARS AS A PUBLIC COMPANY

~10,900 CLIENTS SERVED

operating activities of $374 million, as compared to $342 million in fiscal year 2014. Our return on assets was 12%, and return on equity was 21.6%. We generated strong profitability with a 25% operating margin.

We're excited about our momentum as we move into fiscal year 2016, and will continue to adhere to our focused business strategy to generate strong financial performance and superior shareholder returns.

We thank our shareholders for their confidence in JHA, our customers for their loyalty and continued business, and our approximately 5,900 associates for their daily efforts on behalf of our customers and shareholders.

JACK PRIM
Chairman and Chief Executive Officer

DAVID FOSS
President

KEVIN WILLIAMS
Chief Financial Officer and Treasurer

OUR PLATFORMS NEVER SIT STILL ››

"For more than 30 years, The Bank of Southside Virginia has been a Jack Henry customer. As expectations for banking technology continue to evolve at an unprecedented pace, JHA has not only met those needs but in many cases exceeded them. We are extremely proud to be associated with this outstanding company of forward thinkers, dedicated to continual technological advancement of the CIF 20/20® software while never losing sight of its goal for total customer satisfaction."

Carol Chappell
First Vice President – Cashier
The Bank of Southside Virginia
Carson, Virginia

JHA's core platforms empower our clients to custom-fit their technology to their unique business demands. We're committed to a core strategy that focuses on ongoing development and integration of new technologies for our five competitive core platforms, giving our clients the flexibility they need and the technology they can trust to drive their ongoing success.

Our core platforms are integrated with more than 300 complementary products and services supporting the areas of Retail Delivery, Online & Mobile, Imaging, JHA Payment Solutions, Information Security & Risk Management, Business Intelligence & Financial Performance, and Training & Consulting.

Through internal product development, disciplined acquisitions, and alliances with companies offering niche solutions that complement our proprietary solutions, we regularly introduce new products and services that expand our core platforms and generate cross-sales opportunities within and among our brands.

300+

›› COMPLEMENTARY PRODUCTS & SERVICES SOLD

CORE PLATFORMS SERVING BANKS

www.jackhenrybanking.com

jh Banking SILVERLAKE SYSTEM®

jh Banking CIF 20/20®

jh Banking CORE DIRECTOR®

CORE PLATFORMS SERVING CREDIT UNIONS

www.symitar.com

Episys®

CruiseNet®

> *"Episys has allowed us to do everything from the member's perspective. We are now able to pave the way to excellence, push through boundaries, and develop areas that haven't been explored."*
>
> ***Christina Welch***
> *Applications and Software Analyst*
> *Orange County's Credit Union*
> *Santa Ana, California*

SERVICE EXCELLENCE IN ACTION ››

“We can honestly say that the support we’ve received from Jack Henry Banking is second to none. Throughout the entire conversion experience, the executive team was available to us. Having someone to reach out to, knowing that someone was there to answer questions – that was very comforting. It’s obvious that Jack Henry’s support team and executives truly care about their clients. That speaks volumes.”

Norman Montgomery
Executive Vice President
First Commonwealth Bank
Indiana, Pennsylvania

The foundation of our company is its people, and our service culture sets us apart from our competition. We believe that by providing exceptional service to our clients, we strengthen not only our business relationships, but also our value to shareholders.

Each year, we ask our associates to provide feedback about their job satisfaction using anonymous surveys. These surveys yield employee satisfaction levels year-over-year that exceed the benchmarks in key areas, demonstrating that our employees remain committed to JHA and optimistic about their futures with our organization.

Career growth remains a primary focus at JHA, and we continue to foster employee development through our PRIDE Academy, a multi-tiered management training program; our Dedication to Excellence Awards, a peer-nominated recognition initiative; and other programs that encourage our Core Values and recognize associates who consistently go above and beyond to attain excellence in our industry.

›› PRIDE

JHA PRIDE is based on our company’s Core Values:

- **P**assion for Customer Service
- **R**elationships
- **I**ntegrity
- **D**rive for Results
- **E**xcellence

~5,900 Loyal and Experienced Employees

EMPLOYEE SPOTLIGHT

The Dedication to Excellence Award program gives our employees the opportunity to nominate peers who they believe continually demonstrate, through word and deed, a commitment to our company's Core Values. This award is presented to four associates each quarter; 16 associates each year. The winners of the Dedication to Excellence Awards are eligible for the Chairman Award, a prestigious award hand-selected by our executives and presented to four associates at the end of each fiscal year. Meet this year's Chairman Award winners:

›› **JAMES BERGGREN**
Software Engineer, Advanced

›› **KIM CROSS**
Technical Business Analyst, Senior

›› **PATRICK DONNELL**
Technical Business Analyst, Senior

›› **GRANT PRIEWE**
Applications Engineer, Advanced

LIFE MOVES FAST, SO SHOULD MONEY ››

"When Bank Independent made the decision to explore new partnerships for our payments needs, we based our search on our philosophy of being rooted in tradition, but focused on the future. We knew that if our payments partner didn't meet our expectations, we couldn't exceed those of our customers. That's why we selected JHA Payment Solutions. In JHA, we have a partner upon which we can rely to offer forward-thinking solutions but also remain open to the input of our team members. They have provided consistent day-to-day processing for our cardholders. Our experience with JHA has been similar to that which we provide to our customers – high tech, but high touch."

Penny Camp
Senior Vice President of Customer Experience
Bank Independent
Sheffield, Alabama

Our payments business is among the fastest-growing in the industry, and we continue to expand this segment of our operations so it evolves with financial institution and consumer demand.

JHA Payment Solutions provides the most trusted and recognized solutions on the market today. From traditional payments like checks and online bill pay, to emerging channels like mobile remote deposit capture, mobile bill pay, and image-enabled ATMs, we simplify the complexity of payments so our clients remain competitive.

We process more than 360 million monthly transactions – representing over $85 billion – on behalf of approximately 7,600 financial institutions ranging from small community banks and credit unions to the largest domestic and international institutions.

A continued focus on research and development and new innovations will help ensure that our payments business continues to generate significant growth and opportunity.

THE OUTSOURCING MOVEMENT >>

For many years, outsourcing has played a valuable role in the IT strategies of many financial institutions. Today, nearly half of JHA's total core clients outsource their operations with JHA OutLink Processing Services™ (JHA OPS).

JHA OPS continues to grow year-over-year in number of institutions served and transactions processed, and 2015 was no exception. In fact, every new bank core client that contracted with us during the past fiscal year elected to perform their core processing through our outsourced delivery model.

Lower operating costs, better customer service, seamless access to new technologies, and regulatory compliance are just a few of the reasons financial institutions are making the switch from in-house processing to an outsourced environment.

>> **46%** **CLIENTS USING OUR OUTSOURCED DELIVERY MODEL**

Our consistently high system availability provides our clients peace of mind in knowing that their mission-critical information – and that of their customers – is protected by JHA's security, disaster recovery, and business continuity resources and experts.

"For us, the decision to convert to an outsourced environment has everything to do with simplifying. We're a bank that wants to focus on customer service – instead of being chained to a desk for hours on end, filling out compliance paperwork that feels like a losing battle. Since converting to JHA OutLink Processing Services, we've been able to bring the focus back to the customer who's standing in front of us."

Marla Hanes
Vice President
Citizens Exchange Bank
Fairmount, Indiana

OUR MOMENTUM IS STRONG, AND GROWING STRONGER

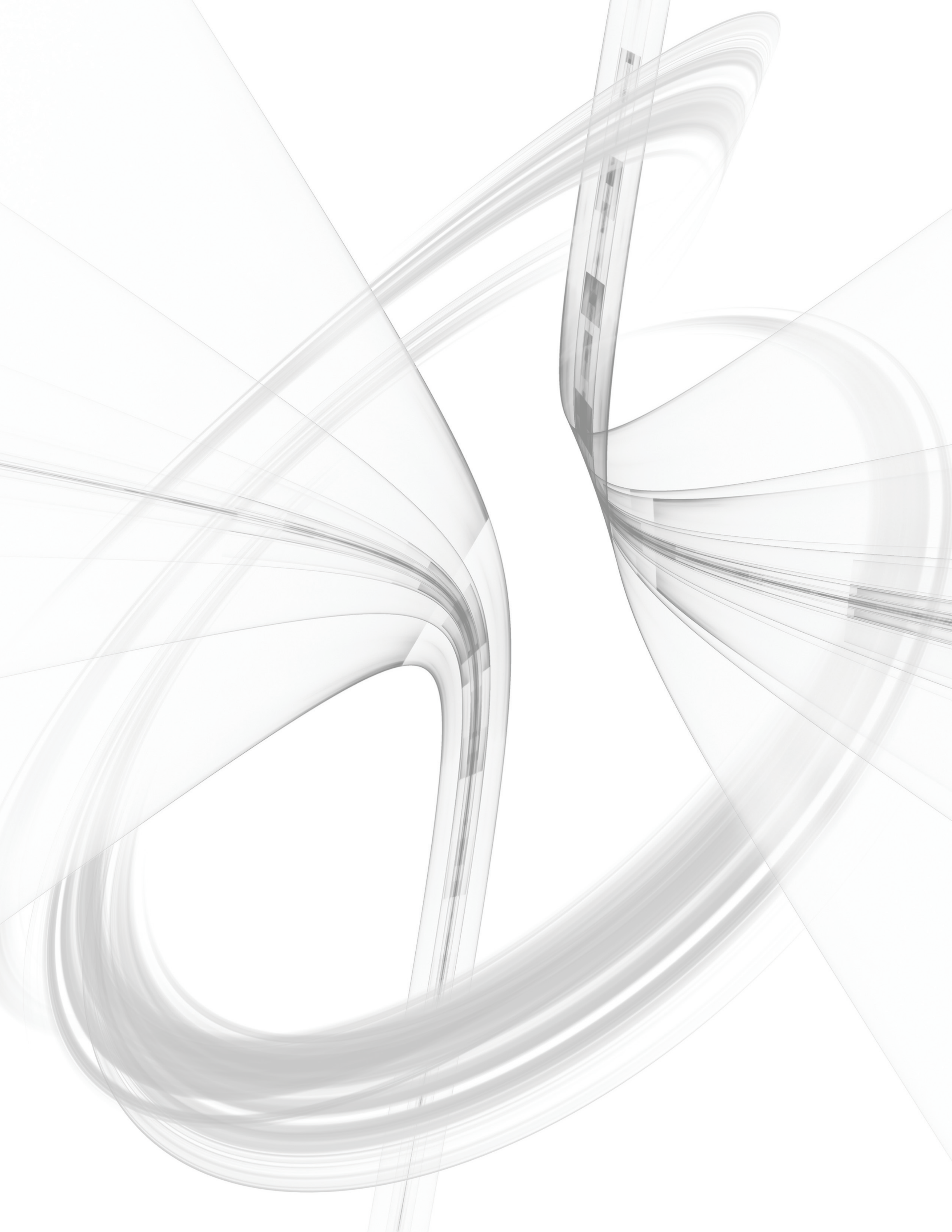
During fiscal year 2016 we will continue to focus on our primary growth drivers:

- Maintain our high levels of customer satisfaction and retention by delivering high-quality business solutions and exceptional service.
- Increase market share with targeted sales efforts.
- Expand our existing customer relationships by cross selling additional products and services.
- Introduce new products and services that capitalize on advancing technologies and enhance our customers' existing technology platforms.
- Increase recurring revenue by optimizing outsourcing opportunities, transaction-based processing fees, and ongoing software maintenance and support fees.
- Pursue disciplined acquisitions that complement our internal growth, continue our focused diversification, and expand our product offerings with proven solutions.

We believe that our proven business strategy, loyal customers, dedicated associates, and confident shareholders will enable us to achieve company-wide progress and a record financial performance as our momentum continues into fiscal year 2016.

jack henry & ASSOCIATES INC.®

2015 ›› FINANCIALS



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 2015		Fiscal 2014	
	High	**Low**	High	Low
Fourth Quarter	**$ 70.25**	**$ 60.10**	$ 60.02	$ 52.87
Third Quarter	**70.18**	**60.60**	60.34	53.55
Second Quarter	**63.85**	**51.86**	59.37	49.08
First Quarter	**60.84**	**54.78**	52.42	47.14

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, 2015 and 2014 are as follows:

	Fiscal 2015	Fiscal 2014
Fourth Quarter	**$ 0.250**	$ 0.220
Third Quarter	**0.250**	0.220
Second Quarter	**0.220**	0.200
First Quarter	**0.220**	0.200

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 18, 2015, there were approximately 70,300 holders of the Company’s common stock. On that same date the last sale price of the common shares as reported on NASDAQ was $71.59 per share.

Issuer Purchases of Equity Securities

The following shares of the Company were repurchased during the quarter ended June 30, 2015:

	Total Number of Shares Purchased [(1)]	**Average Price of Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans [(1)]**	**Maximum Number of Shares that May Yet Be Purchased Under the Plans [(2)]**
April 1 - April 30, 2015	—	$ —	—	8,298,084
May 1 - May 31, 2015	—	—	—	8,298,084
June 1 - June 30, 2015	150,146	65.87	150,100	8,147,984
Total	**150,146**	**65.87**	**150,100**	**8,147,984**

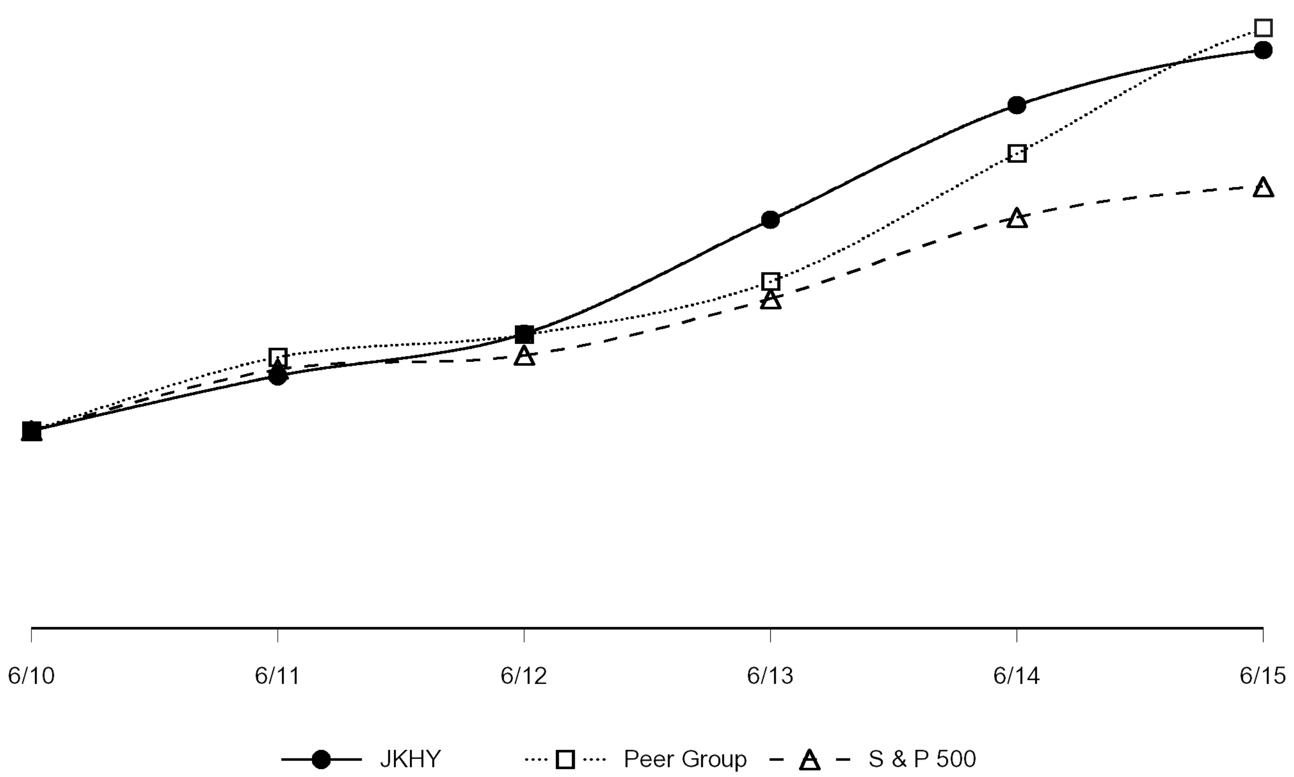
(1) 150,100 shares were purchased through a publicly announced repurchase plan. There were 46 shares surrendered to the Company to satisfy tax withholding obligations in connection with employee restricted stock awards.

(2) Total stock repurchase authorizations approved by the Company's Board of Directors as of February 17, 2015 were for 30.0 million shares, an increase of 5.0 million shares. 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, 2015, 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:

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Jack Henry & Associates, Inc., the S&P 500 Index, and a Peer Group



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

	2010	2011	2012	2013	2014	2015
JKHY	100.00	127.44	148.62	205.60	263.21	290.88
Peer Group	100.00	136.78	148.10	174.79	239.10	301.34
S&P 500	100.00	130.69	137.81	166.20	207.10	222.47

This comparison assumes $100 was invested on June 30, 2010, 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.

Companies in the Peer Group are ACI Worldwide, Inc., Bottomline Technology, Inc., Broadridge Financial Solutions, Cardtronics, Inc., Convergys Corp., Corelogic, Inc., DST Systems, Inc., Euronet Worldwide, Inc., Fair Isaac Corp., Fidelity National Information Services, Inc., Fiserv, Inc., Global Payments, Inc., Heartland Payment Systems, Inc., Moneygram International, Inc., SS&C Technologies Holdings, Inc., Total Systems Services, Inc., Tyler Technologies, Inc., Verifone Systems, Inc., and WEX, Inc..

Micros Systems, Inc. was removed from the peer group as it was acquired in September 2014.

SELECTED FINANCIAL DATA

Selected Financial Data
(In Thousands, Except Per Share Data)

	YEAR ENDED JUNE 30,				
Income Statement Data	**2015**	2014	2013	2012	2011
Revenue [1]	**$ 1,256,190**	$ 1,173,173	$ 1,107,524	$ 1,017,667	$ 946,394
Income from continuing operations	**$ 211,221**	$ 186,715	$ 167,610	$ 152,040	$ 128,394
Basic net income per share, continuing operations	**$ 2.60**	$ 2.20	$ 1.95	$ 1.76	$ 1.49
Diluted net income per share, continuing operations	**$ 2.59**	$ 2.19	$ 1.94	$ 1.74	$ 1.48
Dividends declared per share	**$ 0.940**	$ 0.840	$ 0.560	$ 0.440	$ 0.400
Balance Sheet Data					
Total deferred revenue	**$ 531,987**	$ 492,868	$ 439,596	$ 409,139	$ 398,800
Total assets	**$ 1,836,835**	$ 1,680,703	$ 1,672,386	$ 1,655,652	$ 1,537,158
Long-term debt	**$ 50,102**	$ 3,729	$ 7,366	$ 106,166	$ 127,939
Stockholders' equity	**$ 991,534**	$ 967,387	$ 1,015,816	$ 935,738	$ 835,403

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section provides management's view of the financial condition and results of operations and should be read in conjunction with the Selected Financial Data, the audited Consolidated Financial Statements, and related notes included elsewhere in this report.

OVERVIEW

Jack Henry & Associates, Inc. (JHA) is headquartered in Monett, Missouri, employs approximately 5,900 associates nationwide, and is a leading provider of technology solutions and payment processing services primarily for financial services organizations. Its solutions serve nearly 10,900 customers and are marketed and supported through three primary brands. Jack Henry Banking® supports banks ranging from community to multi-billion dollar institutions with information and transaction processing solutions. Symitar® is a leading provider of information and transaction processing solutions for credit unions of all sizes. ProfitStars® provides highly specialized products and services that enable financial institutions of every asset size and charter, and diverse corporate entities outside the financial services industry, to mitigate and control risks, optimize revenue and growth opportunities, and contain costs. JHA's integrated solutions are available for in-house installation and outsourced and hosted delivery.

Each of our brands share the fundamental commitment to provide high quality business solutions, service levels that consistently exceed customer expectations, integration of solutions and practical new technologies. The quality of our solutions, our high service standards, and the fundamental way we do business typically foster long-term customer relationships, attract prospective customers, and have enabled us to capture substantial market share.

Through internal product development, disciplined acquisitions, and alliances with companies offering niche solutions that complement our proprietary solutions, we regularly introduce new products and services and generate new cross-sales opportunities across our three business brands. We provide compatible computer hardware for our in-house installations and secure processing environments for our outsourced and hosted solutions. We perform data conversions, software implementations, initial and ongoing customer training, and ongoing customer support services.

Our primary competitive advantage is customer service. Our support infrastructure and strict standards provide service levels we believe to be the highest in the markets we serve and generate high levels of customer satisfaction and retention. We consistently measure customer satisfaction using comprehensive annual surveys and randomly generated daily surveys we receive in our everyday business. Dedicated surveys are also used to grade specific aspects of our customer experience, including product implementation, education, and consulting services.

A significant proportion of our revenue is derived from recurring outsourcing fees and transaction processing fees that predominantly have contract terms of five years or greater at inception. Support and service fees also include in-house maintenance fees on primarily annual contract terms. Less predictable software license fees and hardware sales complement our primary revenue sources. We continually seek opportunities to increase revenue while at the same time containing costs to expand margins.

During the last five fiscal years, our revenues have grown from $946,394 in fiscal 2011 to $1,256,190 in fiscal 2015. Income from continuing operations has grown from $128,394 in fiscal 2011 to $211,221 in fiscal 2015. This growth has resulted primarily from internal expansion.

We have two reportable 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.

We continue to focus on our objective of providing the best integrated solutions, products and customer service to our clients. We are cautiously optimistic regarding ongoing economic improvement and expect our clients to continue investing in our products and services to improve their operating efficiencies and performance. We anticipate that consolidation within the financial services industry will continue. Regulatory conditions and legislation such as the Dodd-Frank Wall Street Reform and Consumer Protection Act will continue to impact the financial services industry and could motivate some financial institutions to postpone discretionary spending.

A detailed discussion of the major components of the results of operations follows. All dollar amounts are in thousands and discussions compare fiscal 2015 to fiscal 2014 and compare fiscal 2014 to fiscal 2013.

RESULTS OF OPERATIONS

FISCAL 2015 COMPARED TO FISCAL 2014

In fiscal 2015, revenues increased 7% or $83,017 compared to the prior year due primarily to growth in all components of support and service revenues, particularly our electronic payment services and our outsourcing services. Cost of sales increased 6%, in line with revenue. The growth in revenue and the Company's continued focus on cost management continued to drive up gross margins, which has resulted in a 9% increase in gross profit.

Operating expenses increased 6% and the provision for income taxes increased 4% compared to the prior year-to-date period. The increased revenue and above changes resulted in a combined 13% increase in net income for fiscal 2015.

We move into fiscal 2016 following strong performance in fiscal 2015. Significant portions of our business continue to come from recurring revenue and our healthy sales pipeline is also encouraging. Our customers continue to face regulatory and operational challenges which our products and services address, and in these times they have an even greater need for our solutions that directly address institutional profitability and efficiency. Our strong balance sheet, access to extensive lines of credit, the strength of our existing product line and an unwavering commitment to superior customer service position us well to address current and future opportunities.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	2015	2014	
License	**$ 2,635**	$ 2,184	**21%**
Percentage of total revenue	**<1%**	<1%	

License revenue represents the sale and delivery of application software systems contracted with us by the customer, which are not part of a bundled arrangement. 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.

Non-bundled license revenue increased due mainly to an increase in standalone license sales in our Credit Union segment. Such license fees will fluctuate as non-bundled license sales are sporadic in nature.

Support and Service Revenue	Year Ended June 30,		% Change
	2015	2014	
Support and service	**$ 1,200,652**	$ 1,112,331	**8%**
Percentage of total revenue	**96%**	95%	

	Year over Year	
	$ Change	% Change
In-House Support & Other Services	$ 3,603	1%
Electronic Payment Services	38,321	9%
Outsourcing Services	35,490	15%
Implementation Services	8,704	13%
Bundled Products & Services	2,203	4%
Total Increase	**$ 88,321**	

Support and service revenues are generated from annual support to assist the customer in operating their systems and to enhance and update the software, electronic payment services, outsourced data processing services, implementation services (including conversion, installation, configuration and training) and revenue from our bundled software multi-element agreements. There was growth in all components of support and service revenue in fiscal 2015.

In-house support and other services revenue increased due to annual maintenance renewal fee increases for both core and complementary products as our customers' assets grow.

Electronic payment services continue to experience the largest dollar growth. The revenue increases are attributable to strong performance across debit/credit card transaction processing services, online bill payment services and ACH processing.

Outsourcing services for banks and credit unions continue to drive revenue growth as customers continue to show a preference for outsourced delivery of our solutions. We expect the trend towards outsourced product delivery to benefit outsourcing services revenue for the foreseeable future. Revenues from outsourcing services are typically earned under multi-year service contracts and therefore provide a long-term stream of recurring revenues.

Implementation services include implementation services for our outsourcing and electronic payment services customers as well as standalone customization services, merger conversion services, image conversion services and network monitoring services. Implementation services revenue increased due mainly to increased implementations across our core, online banking, imaging solutions and payments products.

Bundled products and services revenue is combined revenue from the multiple elements in our bundled arrangements, including license, implementation services and maintenance, which cannot be recognized separately due to a lack of vendor-specific objective evidence of fair value. Bundled products and services revenue increased slightly from last year mainly due to increased revenues from our core and complementary banking products, furthered by an increase in core credit union products. The increase was partially offset by reduced revenues from our Alogent® suite of remote deposit capture products.

Hardware Revenue	Year Ended June 30,		% Change
	2015	2014	
Hardware	**$ 52,903**	$ 58,658	**(10)%**
Percentage of total revenue	**4%**	5%	

The Company has entered into remarketing agreements with several hardware manufacturers and suppliers 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 decreased due to a decrease in complementary hardware products delivered. Although there will be quarterly fluctuations, we expect an overall decreasing trend in hardware sales to continue due to the change in sales mix towards outsourcing contracts, which typically do not include hardware, and the general deflationary trend of computer prices.

COST OF SALES AND GROSS PROFIT

Cost of license represented the cost of software from third party vendors through remarketing agreements associated with non-bundled application software licenses. These costs were recognized when license revenue was recognized. Cost of support and service represented 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, electronic payment services and direct operating costs. These costs were recognized as they were incurred or, for direct costs associated with obtaining and implementing our bundled arrangements, they are deferred and recognized ratably as the related revenues for these arrangements are recognized, typically beginning when PCS is the only remaining undelivered element, and ending at the end of the initial bundled PCS term. Cost of hardware consisted of the direct and indirect costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs were recognized at the same time as the related hardware revenue was recognized. Ongoing operating costs to provide support to our customers were recognized as they were incurred.

	Year Ended June 30,		% Change
	2015	2014	
Cost of License	**$ 1,187**	$ 908	**31%**
Percentage of total revenue	**<1%**	<1%	
License Gross Profit	**$ 1,448**	$ 1,276	**13%**
Gross Profit Margin	**55%**	58%	
Cost of support and service	**$ 680,750**	$ 634,756	**7%**
Percentage of total revenue	**54%**	54%	
Support and Service Gross Profit	**$ 519,902**	$ 477,575	**9%**
Gross Profit Margin	**43%**	43%	
Cost of hardware	**$ 38,399**	$ 43,708	**(12)%**
Percentage of total revenue	**3%**	4%	
Hardware Gross Profit	**$ 14,504**	$ 14,950	**(3)%**
Gross Profit Margin	**27%**	25%	
TOTAL COST OF SALES	**$ 720,336**	$ 679,372	**6%**
Percentage of total revenue	**57%**	58%	
TOTAL GROSS PROFIT	**$ 535,854**	$ 493,801	**9%**
Gross Profit Margin	**43%**	42%	

Cost of license consists of the direct costs of third party software that are a part of a non-bundled arrangement. Sales of these third party software products increased compared to last year, causing a decrease in gross profit margins. Shifts in sales mix between the products that make up these costs cause fluctuations in the margins from period to period.

Gross profit margins in support and service remained consistent with the prior year.

In general, changes in cost of hardware trend consistently with hardware revenue. For the fiscal year, margins were slightly higher due to increased sales of higher margin hardware upgrade products.

OPERATING EXPENSES

Selling and Marketing	Year Ended June 30,		% Change
	2015	2014	
Selling and marketing	**$ 89,004**	$ 85,443	**4%**
Percentage of total revenue	**7%**	7%	

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conduct our sales efforts for our two reportable 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.

Selling and marketing expenses for the year increased mainly due to higher commission expenses and a general increase in sales headcount and related personnel costs. This was in line with increased sales volume of long term service contracts on which commissions are paid as a percentage of total revenue.

Research and Development	Year Ended June 30,		% Change
	2015	2014	
Research and development	**$ 71,495**	$ 66,748	**7%**
Percentage of total revenue	**6%**	6%	

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 increased primarily due to increased headcount and related personnel costs, but were consistent with the prior year as a percentage of total revenue.

General and Administrative	Year Ended June 30,		% Change
	2015	2014	
General and administrative	**$ 57,490**	$ 53,312	**8%**
Percentage of total revenue	**5%**	5%	

General and administrative costs included all expenses related to finance, legal, human resources, plus all administrative costs.

General and administrative expenses in the current year were higher due to the impact of a Lyndhurst related insurance recovery in the prior year coupled with increased headcount and related personnel costs, partially offset by a gain on the disposal of our Teleweb suite of Internet and mobile banking software products. Overall these costs were consistent with the prior year as a percentage of total revenue.

INTEREST INCOME AND EXPENSE	Year Ended June 30,		% Change
	2015	2014	
Interest Income	**$ 169**	$ 377	**(55)%**
Interest Expense	**$ (1,594)**	$ (1,105)	**44%**

Interest income fluctuated due to changes in invested balances and yields on invested balances. Interest expense increased due to interest on the borrowing from our revolving credit facility in the second quarter.

PROVISION FOR INCOME TAXES	Year Ended June 30,		% Change
	2015	2014	
Provision For Income Taxes	**$ 105,219**	$ 100,855	**4%**
Effective Rate	**33.3%**	**35.1%**	

The decrease in the effective tax rate was primarily due to favorable state tax law changes, as well as the retroactive extension of the Research & Experimentation Credit for the period January 1, 2014 to December 31, 2014 during fiscal 2015.

NET INCOME

Net income increased from $186,715, or $2.19 per diluted share, in fiscal 2014 to $211,221, or $2.59 per diluted share, in fiscal 2015.

FISCAL 2014 COMPARED TO FISCAL 2013

In fiscal 2014, revenues increased 6% or $65,649 compared to the prior year due primarily to strong growth in all components of support and service revenues, particularly our electronic payment services and our outsourcing services. The growth in revenue and the Company's continued focus on cost management continued to drive up gross margins, which resulted in a 7% increase in gross profit.

Operating expenses decreased 2% for the year mainly due to $12,436 of expenses in the prior year related to the impact of Hurricane Sandy flooding on our Lyndhurst, New Jersey item processing center. Provision for income taxes increased over the prior year. The prior year provision for income tax was low due to the tax impact of the Lyndhurst, New Jersey expenses and the release of previously unrecognized tax benefits. Increased revenue and gross margin, coupled with the above changes, resulted in a combined 11% increase in net income for fiscal 2014.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	2014	2013	
License	**$ 2,184**	$ 5,366	**(59)%**
Percentage of total revenue	**<1%**	<1%	

License revenue represents the sale and delivery of application software systems contracted with us by the customer, which are not part of a bundled arrangement. 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.

Non-bundled license revenue decreased due mainly to a decrease in standalone license sales in our banking segment. Such license fees will fluctuate as non-bundled license sales are sporadic in nature.

Support and Service Revenue

	Year Ended June 30,		% Change
	2014	2013	
Support and service	**$ 1,112,331**	$ 1,042,801	**7%**
Percentage of total revenue	**95%**	94%	

	Year over Year Change	
	$ Change	% Change
In-House Support & Other Services	$ 11,762	4%
Electronic Payment Services	37,158	9%
Outsourcing Services	21,408	10%
Implementation Services	2,792	4%
Bundled Products & Services	(3,590)	(6)%
Total Increase	**$ 69,530**	

Support and service revenues are generated from annual support to assist the customer in operating their systems and to enhance and update the software, electronic payment services, outsourced data processing services, implementation services (including conversion, installation, configuration and training) and revenue from our bundled software multi-element agreements.

In-house support and other services revenue increased due to annual maintenance renewal fee increases for both core and complementary products as our customers' assets grew. The increase compared to the prior year was consistent across all four fiscal quarters.

Electronic payment services continued to experience the largest dollar growth. The revenue increases were attributable to strong performance across debit/credit card transaction processing services, online bill payment services and ACH processing. The increase compared to the prior year was consistent across all four fiscal quarters.

Outsourcing services for banks and credit unions continued to drive revenue growth as customers continued to show a preference for outsourced delivery of our solutions. We expect the trend towards outsourced product delivery to benefit outsourcing services revenue for the foreseeable future. Revenues from outsourcing services are typically earned under multi-year service contracts and therefore provide a long-term stream of recurring revenues.

Implementation services include implementation services for our outsourcing and electronic payment services customers as well as standalone customization services, merger conversion services, image conversion services and network monitoring services. Implementation services revenue increased due mainly to increased implementations of our Credit Union core products, particularly in the second and third quarters of the fiscal year.

Bundled products and services revenue is combined revenue from the multiple elements in our bundled arrangements, including license, implementation services and maintenance, which cannot be recognized separately due to a lack of vendor-specific objective evidence of fair value. Bundled products and services revenue decreased from last year mainly due to decreased revenues from our core and complementary banking products, particularly image solutions, throughout the fiscal year. Additionally, the decrease was furthered due to a decrease in core Credit Union products in the fourth quarter compared to the same quarter in the prior year.

Hardware Revenue	Year Ended June 30,		% Change
	2014	2013	
Hardware	**$ 58,658**	$ 59,357	**(1)%**
Percentage of total revenue	**5%**	5%	

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 decreased slightly. Although there will be continuing quarterly fluctuations, we expect there to be an overall decreasing trend in hardware sales due to the change in sales mix towards outsourcing contracts, which typically do not include hardware, and the general deflationary trend of computer prices.

COST OF SALES AND GROSS PROFIT

Cost of license represented the cost of software from third party vendors through remarketing agreements associated with non-bundled application software licenses. These costs were recognized when license revenue was recognized. Cost of support and service represented 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, electronic payment services and direct operating costs. These costs were recognized as they were incurred or, for direct costs associated with obtaining and implementing our bundled arrangements, deferred and recognized ratably as the related revenues for these arrangements are recognized, which typically begins when PCS is the only remaining undelivered element, and ends at the end of the initial bundled PCS term. Cost of hardware consisted of the direct and indirect costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs were recognized at the same time as the related hardware revenue was recognized. Ongoing operating costs to provide support to our customers were recognized as they were incurred.

	Year Ended June 30, 2014	2013	% Change
Cost of License	**$ 908**	$ 860	**6%**
Percentage of total revenue	<1%	<1%	
License Gross Profit	**$ 1,276**	$ 4,506	**(72)%**
Gross Profit Margin	**58%**	84%	
Cost of support and service	**$ 634,756**	$ 601,620	**6%**
Percentage of total revenue	**54%**	54%	
Support and Service Gross Profit	**$ 477,575**	$ 441,181	**8%**
Gross Profit Margin	**43%**	42%	
Cost of hardware	**$ 43,708**	$ 43,650	**—%**
Percentage of total revenue	**4%**	4%	
Hardware Gross Profit	**$ 14,950**	$ 15,707	**(5)%**
Gross Profit Margin	**25%**	26%	
TOTAL COST OF SALES	**$ 679,372**	$ 646,130	**5%**
Percentage of total revenue	**58%**	58%	
TOTAL GROSS PROFIT	**$ 493,801**	$ 461,394	**7%**
Gross Profit Margin	**42%**	42%	

Cost of license consisted of the direct costs of third party software. Sales of third party software products increased compared to last year, causing a decrease in gross profit margins.

Gross profit margins in support and service increased due to economies of scale realized from increased revenues, particularly in electronic payment services. Although margins fluctuated slightly throughout the quarters of the current fiscal year due to sales mix, the trend in electronic payment services was consistent through all four quarters.

In general, changes in cost of hardware trended consistently with hardware revenue. For the fiscal year, margins are slightly lower due to decreased sales of higher margin hardware upgrade products.

OPERATING EXPENSES

Selling and Marketing

	Year Ended June 30, 2014	2013	% Change
Selling and marketing	**$ 85,443**	$ 80,811	**6%**
Percentage of total revenue	**7%**	7%	

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

Selling and marketing expenses for the year increased mainly due to higher commission expenses and a general increase in sales headcount and related salaries. This is in line with increased sales volume of long term service contracts on which commissions were paid as a percentage of total revenue, and was consistent across all quarters of the fiscal year.

Research and Development

	Year Ended June 30, 2014	2013	% Change
Research and development	**$ 66,748**	$ 63,202	**6%**
Percentage of total revenue	**6%**	6%	

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 increased primarily due to increased headcount and related salaries, with all quarters in the fiscal year being driven by a 6% increase in headcount in the first quarter.

General and Administrative

	Year Ended June 30, 2014	2013	% Change
General and administrative	**$ 53,312**	$ 66,624	**(20)%**
Percentage of total revenue	**5%**	6%	

General and administrative costs included all expenses related to finance, legal, human resources, plus all administrative costs.

General and administrative expenses in the current year includes $2,900 in the second quarter for insurance recoveries of costs related to the impact of Hurricane Sandy flooding on our Lyndhurst, New Jersey item processing center, whereas the prior year (mostly the second quarter) includes $12,436 of expenses related to the same event. General and administrative expenses, excluding the Lyndhurst expenses and subsequent insurance recoveries, increased slightly year-over-year due to additional headcount and related salaries.

INTEREST INCOME AND EXPENSE

	Year Ended June 30, 2014	2013	% Change
Interest Income	**$ 377**	$ 640	**(41)%**
Interest Expense	**$ (1,105)**	$ (6,337)	**(83)%**

Interest income fluctuated due to changes in invested balances and yields on invested balances. Interest expense decreased due to full repayment of our term loan in the fourth quarter of fiscal 2013.

PROVISION FOR INCOME TAXES

The provision for income taxes was $100,855 or 35.1% of income before income taxes in fiscal 2014 compared with $77,450 or 31.6% of income before income taxes in fiscal 2013. The increase in the effective tax rate was primarily due to the recognition of previously unrecognized tax benefits during the prior year following the close of an Internal Revenue Service audit of fiscal years 2010 and 2011, as well as the retroactive extension of the research and experimentation credit during the prior year.

NET INCOME

Net income increased from $167,610, or $1.94 per diluted share in fiscal 2013 to $186,715 or $2.19 per diluted share in fiscal 2014.

REPORTABLE SEGMENT DISCUSSION

The Company is a provider of integrated computer systems that perform data processing (available for in-house installations or outsourced services) for banks and credit unions. The Company's operations are classified into two reportable 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.

Bank Systems and Services

	2015	% Change	2014	% Change	2013
Revenue	**$ 962,729**	7%	$ 897,671	7%	$ 840,380
Gross profit	**$ 400,659**	8%	$ 372,473	7%	$ 348,309
Gross profit margin	**42%**		41%		41%

In fiscal 2015, revenue increased 7% overall in the Bank systems and services reportable segment compared to the prior year. The increase was due mainly to 9% growth in electronic transaction processing services and a 14% increase in outsourcing services. Gross profit margins remained consistent year-over-year.

In fiscal 2014, revenue increased 7% overall in the Bank systems and services reportable segment compared to the prior year. The increase was due mainly to increased support and service revenue. Within support and service revenue, the increase was driven by 12% year-over-year growth in electronic payment services revenues from transaction processing and a 10% increase in outsourcing services revenue. Gross profit margins remain consistent year-over-year.

Credit Union Systems and Services

	2015	% Change	2014	% Change	2013
Revenue	**$ 293,461**	7%	$ 275,502	3%	$ 267,144
Gross profit	**$ 135,195**	11%	$ 121,328	7%	$ 113,085
Gross profit margin	**46%**		44%		42%

In fiscal 2015, revenue in the Credit Union systems and services reportable segment increased 7% due to increases in support & service revenue. Support & service revenues grew 7% through increases in electronic payment services, in-house maintenance renewals, and outsourcing services. Gross profit margins for the Credit Union segment increased mainly due economies of scale realized from growing transaction volume in our payment processing services.

In fiscal 2014, revenue in the Credit Union segment increased 3% over the prior year, driven by support & service revenue. In particular, electronic payment services increased due to the continuing growth of our transaction processing and debit/ credit card processing services and in-house maintenance renewal revenues also increased. Gross profit margins for the Credit Union segment increased mainly due to economies of scale realized from growing transaction volume in our payment processing services.

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 increased to $148,313 at June 30, 2015 from $70,377 at June 30, 2014. The increase from June 30, 2014 is primarily due to borrowings made on our revolving credit facility during the year and fewer repurchases of treasury stock in fiscal 2015 compared to the prior year.

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

	Year Ended June 30, 2015	Year Ended June 30, 2014
Net income	**$ 211,221**	$ 186,715
Non-cash expenses	**149,162**	126,424
Change in receivables	**(21,346)**	7,498
Change in deferred revenue	**40,565**	51,952
Change in other assets and liabilities	**(5,812)**	(30,930)
Net cash provided by operating activities	**$ 373,790**	$ 341,659

Cash provided by operating activities increased 9% compared to last year. Cash from operations is primarily used to repay debt, pay dividends, repurchase stock and for capital expenditures.

Cash used in investing activities for the fiscal year ended June 30, 2015 totaled $136,984 and included capital expenditures on facilities and equipment of $54,409, which mainly included the purchase of aircraft and computer equipment, $76,872 for the development of software and $14,020 for the purchase and development of internal use software. These expenditures were partially offset by $8,317 proceeds received primarily from sale of aircraft. Cash used in investing activities for the fiscal year ended June 30, 2014 totaled $131,780 and included capital expenditures on facilities and equipment of $33,185, which mainly included the purchase of aircraft and computer equipment. Other uses of cash included $27,894 of payments for the acquisition of Banno, $62,194 for the development of software and $16,288 for the purchase and development of internal use software. These expenditures were partially offset by $7,781 proceeds received primarily from sale of aircraft.

Financing activities used cash of $158,870 during the fiscal year ended June 30, 2015. Cash used was mainly dividends paid to stockholders of $76,410, $122,691 for the purchase of treasury shares, repayment of the revolving credit facility of $20,000, and repayment of capital leases of $10,783. Cash used was partially offset by borrowings against the revolving credit facility of $90,000, and $1,915 net proceeds from the issuance of stock and taxes related to stock-based compensation. Financing activities used cash of $267,407 during fiscal 2014. Cash used was mainly dividends paid to stockholders of $71,251, $175,699 for the purchase of treasury shares, and repayments of capital leases of $22,158. Cash used was partially offset by $1,701 net proceeds from the issuance of stock and taxes related to stock-based compensation. During the fourth quarter, the Company also borrowed $25,000 against its revolving line of credit and the full amount of the borrowing was repaid in the same period.

The Company generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures in the fiscal year were made primarily for additional equipment and the improvement of existing facilities. These additions were funded from cash generated by operations. At June 30, 2015, the Company had $19,790 of purchase commitments related to property and equipment. We anticipate that these commitments will be funded by cash generated by operations.

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 facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2015, there were 21,843 shares in treasury stock and the Company had the remaining authority to repurchase up to 8,148 additional shares. The total cost of treasury shares at June 30, 2015 is $700,472. During fiscal 2015, the Company repurchased 2,048 treasury shares for $122,691. At June 30, 2014, there were 19,795 shares in treasury stock and the Company had authority to repurchase up to 5,196 additional shares.

On August 21, 2015, the Company's Board of Directors declared a cash dividend of $0.25 per share on its common stock, payable on September 25, 2015 to shareholders of record on September 4, 2015. 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.

Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Long term capital lease obligations were entered into of which $816 remains outstanding at June 30, 2015 and $714 will be maturing within the next twelve months. The Company also has short term capital lease obligations totaling $1,881 at June 30, 2015. Included in property and equipment are assets under capital leases totaling $16,833, which have accumulated depreciation totaling $4,563.

Revolving credit facility

The revolving credit facility allows for borrowings of up to $300,000, which may be increased by the Company at any time until maturity to $600,000. The credit facility bears interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the highest of (i) the Prime Rate for such day, (ii) the sum of the Federal Funds Effective Rate for such day plus 0.50% and (iii) the Eurocurrency Rate for a one month Interest Period on such day for dollars plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit facility is secured by pledges of capital stock of certain subsidiaries of the Company and also guaranteed by certain subsidiaries of the Company. The credit facility is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of June 30, 2015, the Company was in compliance with all such covenants. The revolving loan terminates February 20, 2020 and at June 30, 2015, the outstanding revolving loan balance was $50,000.

Other lines of credit

The Company renewed an unsecured bank credit line on March 3, 2014 which provides for funding of up to $5,000 and bears interest at the prime rate less 1%. The credit line was renewed through April 30, 2017. At June 30, 2015, no amount was outstanding.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

At June 30, 2015, the Company's total off balance sheet contractual obligations were $46,357. This balance consists of $26,567 of long-term operating leases for various facilities and equipment which expire from 2016 to 2021 and $19,790 of purchase commitments related to property and equipment. The contractual obligations table below excludes $7,696 of liabilities for uncertain tax positions as we are unable to reasonably estimate the ultimate amount or timing of settlement.

Contractual obligations by period as of June 30, 2015	Less than 1 year	1-3 years	3-5 years	More than 5 years	TOTAL
Operating lease obligations	$ 8,554	$ 12,889	$ 4,518	$ 606	$ 26,567
Capital lease obligations	5,407	3,729	—	—	9,136
Revolving credit facility, including accrued interest	—	—	50,000	—	50,000
Purchase obligations	19,790	—	—	—	19,790
Total	$ 33,751	$ 16,618	$ 54,518	$ 606	$ 105,493

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers in May 2014. The new standard will supersede much of the existing authoritative literature for revenue recognition. In August 2015, the FASB also issued ASU No. 2015-14 which deferred the effective date of the new standard by one year. The standard and related amendments will be effective for the Company for its annual reporting period beginning July 1, 2018, including interim periods within that reporting period. Along with the deferral of the effective date, ASU No. 2015-14 allows early application as of the original effective date. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect as of the beginning of the period of adoption. The Company is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

In April 2015, the FASB also issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability (same treatment as debt discounts). ASU 2015-3 is effective for the company in fiscal year ended June 30, 2017. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company will adopt these changes for the fiscal year ended June 30, 2017.

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 generally accepted accounting principles and with guidance provided within Staff Accounting Bulletins issued by the Securities and Exchange Commission. 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 and services 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 deferred revenue reflected in the financial statements.

License Arrangements: For software license agreements, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the fee is fixed and determinable and collection is probable. For arrangements where the fee is not fixed or determinable, revenue is deferred until payments become due. The Company's software license agreements generally include multiple products and services or "elements." Generally, none of these elements are deemed to be essential to the functionality of the other elements.

For multiple element arrangements, which contain software elements and non-software elements, we allocate revenue to the software deliverables and the non-software deliverables as a group based on the relative selling prices of all of the deliverables in the arrangement. For our non-software deliverables, we allocate the arrangement consideration based on the relative selling price of the deliverables using estimated selling price ("ESP"). For our software elements, we use VSOE for this allocation when it can be established and ESP when VSOE cannot be established.

The selling price for each element is based upon the following selling price hierarchy: VSOE if available, third party evidence ("TPE") if VSOE is not available, or ESP if neither VSOE or TPE are available. Generally, we are not able to determine TPE because our go-to-market strategy differs from that of our peers and our offerings contain a significant level of differentiation such that the comparable pricing of products with similar functionality cannot be obtained. ESP is determined after considering both market conditions (such as the sale of similar products in the market place) and entity-specific factors (such as pricing practices and the specifics of each transaction).

For our non-software deliverables, a delivered item is accounted for as a separate unit of accounting if the delivered item has standalone value and if the customer has a general right of return relative to the delivered item, delivery or performance of the undelivered item is probable and substantially within our control.

For our software licenses and related services, including the software elements of multiple-element software and non-software arrangements, U.S. GAAP generally require revenue earned on software arrangements involving multiple elements to be allocated to each element based on VSOE of fair value. VSOE of fair value is determined for implementation services based on a rate per hour for stand-alone professional services and the estimated hours for the bundled implementation, if the hours can be reasonably estimated. VSOE of fair value is determined for post-contract support ("PCS") based upon the price charged when sold separately. For a majority of the elements within our software arrangements, we have determined that VSOE cannot be established; therefore, revenue on our software arrangements is generally deferred until the only remaining element is PCS. At that point, the entire arrangement fee is recognized ratably over the remaining PCS period, assuming that all other criteria for revenue recognition have been met. The amounts deferred are included in the balance sheet as deferred revenue and recognized as Bundled Products & Services revenue within Support & Service revenue in the income statement.

For arrangements that include specified upgrades, such upgrades are accounted for as a separate element of the arrangement. For those specified upgrades for which VSOE of fair value cannot be determined, revenue related to the software elements within the arrangement is deferred until such specified upgrades have been delivered.

Support and Service Fee Revenue (Non-software): Maintenance support revenue contracted for outside of a license arrangement is recognized pro-rata over the contract period, typically one year.

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. The revenue related to these hardware sales is recorded gross. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Revenue-based taxes collected from customers and remitted to governmental authorities are presented on a net basis (i.e. excluded from revenues).

Deferred Costs

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

Direct and incremental costs associated with arrangements subject to Accounting Standards Codification ("ASC") 985-605 (for which VSOE of fair value cannot be established) are deferred until the only remaining element in the revenue arrangement is PCS at which point the costs are recognized ratably over the remaining PCS period with the related revenue. Deferred direct and incremental costs associated with arrangements not subject to ASC 985-605 consist primarily of certain up-front costs incurred in connection with our software hosting arrangements and are recognized ratably over the contract period which typically ranges from 5-7 years. These costs include commissions, costs of third-party licenses and the direct costs of our implementation services, consisting of payroll and other fringe benefits.

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. Significant estimates and assumptions include: establishing when technological feasibility has been met and costs should be capitalized, 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. 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, liabilities for uncertain tax positions require 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 forecast 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. The Company's most recent assessment indicates that no reporting units are currently at risk of impairment as the fair value of each reporting unit is significantly in excess of the carrying value. However, significant changes in the estimates and assumptions used in purchase accounting and goodwill impairment testing could have a material effect on the consolidated financial statements.

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 outstanding debt. We do not currently use any derivative financial instruments. We actively monitor these risks through a variety of controlled procedures involving senior management.

Based on the controls in place and the credit worthiness of the customer base, we believe the credit risk associated with the extension of credit to our customers will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Based on our outstanding debt with variable interest rates as of June 30, 2015 a 1% increase in our borrowing rate would increase annual interest expense in fiscal 2015 by less than $500.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

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 consolidated balance sheets of Jack Henry & Associates, Inc. and subsidiaries (the "Company") as of June 30, 2015 and 2014, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2015. 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 consolidated financial statements present fairly, in all material respects, the financial position of Jack Henry & Associates, Inc. and subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2015, in conformity with accounting principles generally accepted in the United States of America.

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, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 11, 2015 expressed an adverse opinion on the Company's internal control over financial reporting because of a material weakness.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri

September 11, 2015

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (Revised)

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 2015 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 (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, and the previous identification of a material weakness (the description of which is set forth below), management has determined the Company's internal control over financial reporting as of June 30, 2015 was not effective.

There are a number of deficiencies in the design and operating effectiveness of internal control over financial reporting that, in the aggregate, constitute a material weakness. The identified deficiencies noted below stem from a failure in the Company's risk assessment process wherein the risk assessment process did not identify or evaluate the inherent risks and complexities associated with accounting for revenue arrangements with software elements.

- The lack of training and continuing education related to multiple element software arrangements led to a lack of knowledge of the individuals tasked with understanding various technical accounting matters associated with the Company's multiple element arrangement revenue recognition policies.
- Appropriate accounting and reporting policies and procedures related to bundled multiple element arrangements were not designed and implemented.
- Appropriate internal controls over financial reporting for bundled multiple element arrangements were not designed and implemented.
- Monitoring, including use of internal audit, was not appropriately designed to identify errors in accounting for revenue recognition for multiple element software arrangements.

The Company's internal control over financial reporting as of June 30, 2015 has been audited by the Company's independent registered public accounting firm, as stated in their report appearing on the next page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Jack Henry & Associates, Inc.

Monett, Missouri

We have audited Jack Henry & Associates, Inc. and subsidiaries' (the "Company's") internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

There are a number of deficiencies in the design and operating effectiveness of internal control over financial reporting that, in aggregate, constitute a material weakness. The identified deficiencies noted below stem from a failure in the Company's risk assessment process wherein the risk assessment process did not identify or evaluate the inherent risks and complexities associated with accounting for revenue arrangements with software elements.

- The lack of training and continuing education related to multiple element software arrangements led to a lack of competence with individuals tasked with understanding various technical accounting matters associated with the Company's multiple element arrangement revenue recognition policies.
- Appropriate accounting and reporting policies and procedures related to bundled multiple element arrangements were not designed and implemented.
- Appropriate internal controls over financial reporting for bundled multiple element arrangements were not designed and implemented.
- Monitoring, including use of internal audit, was not appropriately designed to identify errors in accounting for revenue recognition for multiple element software arrangements.

This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended June 30, 2015, of the Company and this report does not affect our report on such financial statements.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2015, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of 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, 2015, of the Company and our report dated September 11, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri

September 11, 2015

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)

	Year Ended June 30, 2015	2014	2013
REVENUE			
License	**$ 2,635**	$ 2,184	$ 5,366
Support and service	**1,200,652**	1,112,331	1,042,801
Hardware	**52,903**	58,658	59,357
Total revenue	**1,256,190**	1,173,173	1,107,524
COST OF SALES			
Cost of license	**1,187**	908	860
Cost of support and service	**680,750**	634,756	601,620
Cost of hardware	**38,399**	43,708	43,650
Total cost of sales	**720,336**	679,372	646,130
GROSS PROFIT	**535,854**	493,801	461,394
OPERATING EXPENSES			
Selling and marketing	**89,004**	85,443	80,811
Research and development	**71,495**	66,748	63,202
General and administrative	**57,490**	53,312	66,624
Total operating expenses	**217,989**	205,503	210,637
OPERATING INCOME	**317,865**	288,298	250,757
INTEREST INCOME (EXPENSE)			
Interest income	**169**	377	640
Interest expense	**(1,594)**	(1,105)	(6,337)
Total interest income (expense)	**(1,425)**	(728)	(5,697)
INCOME BEFORE INCOME TAXES	**316,440**	287,570	245,060
PROVISION FOR INCOME TAXES	**105,219**	100,855	77,450
NET INCOME	**$ 211,221**	$ 186,715	$ 167,610
Diluted earnings per share	**$ 2.59**	$ 2.19	$ 1.94
Diluted weighted average shares outstanding	**81,601**	85,396	86,619
Basic earnings per share	**$ 2.60**	$ 2.20	$ 1.95
Basic weighted average shares outstanding	**81,353**	84,866	86,040

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, 2015	June 30, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 148,313**	$ 70,377
Receivables, net	**245,387**	224,041
Income tax receivable	**2,753**	7,937
Prepaid expenses and other	**69,096**	61,074
Deferred costs	**27,950**	27,077
Total current assets	**493,499**	390,506
PROPERTY AND EQUIPMENT, net	**296,332**	291,675
OTHER ASSETS:		
Non-current deferred costs	**96,423**	78,458
Computer software, net of amortization	**191,541**	160,391
Other non-current assets	**52,432**	44,657
Customer relationships, net of amortization	**122,204**	136,602
Other intangible assets, net of amortization	**34,038**	25,653
Goodwill	**550,366**	552,761
Total other assets	**1,047,004**	998,522
Total assets	**$ 1,836,835**	$ 1,680,703
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	**$ 9,933**	$ 10,516
Accrued expenses	**78,962**	63,299
Accrued income taxes	**5,543**	—
Deferred income tax liability	**7,034**	30,094
Notes payable and current maturities of long term debt	**2,595**	5,407
Deferred revenues	**339,544**	337,493
Total current liabilities	**443,611**	446,809
LONG TERM LIABILITIES:		
Non-current deferred revenues	**192,443**	155,375
Non-current deferred income tax liability	**150,223**	97,720
Debt, net of current maturities	**50,102**	3,729
Other long-term liabilities	**8,922**	9,683
Total long term liabilities	**401,690**	266,507
Total liabilities	**845,301**	713,316
STOCKHOLDERS' EQUITY		
Preferred stock - $1 par value; 500,000 shares authorized, none issued	**—**	—
Common stock - $0.01 par value; 250,000,000 shares authorized; 102,695,214 shares issued at June 30, 2015; 102,429,926 shares issued at June 30, 2014	**1,027**	1,024
Additional paid-in capital	**424,536**	412,512
Retained earnings	**1,266,443**	1,131,632
Less treasury stock at cost 21,842,632 shares at June 30, 2015; 19,794,559 shares at June 30, 2014	**(700,472)**	(577,781)
Total stockholders' equity	**991,534**	967,387
Total liabilities and equity	**$ 1,836,835**	$ 1,680,703

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, 2015	2014	2013
PREFERRED SHARES:	**—**	—	—
COMMON SHARES:			
Shares, beginning of year	**102,429,926**	101,993,808	101,482,461
Shares issued for equity-based payment arrangements	**172,661**	344,372	405,270
Shares issued for Employee Stock Purchase Plan	**92,627**	91,746	106,077
Shares, end of year	**102,695,214**	102,429,926	101,993,808
COMMON STOCK - PAR VALUE $0.01 PER SHARE:			
Balance, beginning of year	**$ 1,024**	$ 1,020	$ 1,015
Shares issued for equity-based payment arrangements	**2**	3	4
Shares issued for Employee Stock Purchase Plan	**1**	1	1
Balance, end of year	**$ 1,027**	$ 1,024	$ 1,020
ADDITIONAL PAID-IN CAPITAL:			
Balance, beginning of year	**$ 412,512**	$ 400,710	$ 381,919
Shares issued upon exercise of stock options	**640**	606	6,771
Tax withholding related to share based compensation	**(7,951)**	(6,598)	(3,926)
Shares issued for Employee Stock Purchase Plan	**4,880**	4,283	3,699
Tax benefits from share-based compensation	**4,343**	3,420	3,632
Stock-based compensation expense	**10,112**	10,091	8,615
Balance, end of year	**$ 424,536**	$ 412,512	$ 400,710
RETAINED EARNINGS:			
Balance, beginning of year	**$ 1,131,632**	$ 1,016,168	$ 896,760
Net income	**211,221**	186,715	167,610
Dividends	**(76,410)**	(71,251)	(48,202)
Balance, end of year	**$ 1,266,443**	$ 1,131,632	$ 1,016,168
TREASURY STOCK:			
Balance, beginning of year	**$ (577,781)**	$ (402,082)	$ (343,956)
Purchase of treasury shares	**(122,691)**	(175,699)	(58,126)
Balance, end of year	**$ (700,472)**	$ (577,781)	$ (402,082)
TOTAL STOCKHOLDERS' EQUITY	**$ 991,534**	$ 967,387	$ 1,015,816
Dividends declared per share	**$ 0.94**	$ 0.84	$ 0.56

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended June 30,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	**$ 211,221**	$ 186,715	$ 167,610
Adjustments to reconcile net income from operations to net cash from operating activities:			
Depreciation	**54,155**	52,935	51,967
Amortization	**64,841**	54,836	48,374
Change in deferred income taxes	**29,443**	12,752	18,336
Excess tax benefits from stock-based compensation	**(4,343)**	(3,406)	(3,621)
Expense for stock-based compensation	**10,112**	10,091	8,615
(Gain)/loss on disposal of assets	**(5,046)**	(784)	3,908
Changes in operating assets and liabilities:			
Change in receivables	**(21,346)**	7,498	(12,739)
Change in prepaid expenses, deferred costs and other	**(33,858)**	(28,565)	(11,502)
Change in accounts payable	**(583)**	(1,252)	(4,582)
Change in accrued expenses	**14,483**	(6,364)	7,774
Change in income taxes	**14,146**	5,251	4,575
Change in deferred revenues	**40,565**	51,952	30,459
Net cash from operating activities	**373,790**	341,659	309,174
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for acquisitions, net of cash acquired	**—**	(27,894)	—
Capital expenditures	**(54,409)**	(33,185)	(46,256)
Proceeds from sale of assets	**8,317**	7,781	530
Customer contracts acquired	**—**	—	(186)
Internal use software	**(14,020)**	(16,288)	—
Computer software developed	**(76,872)**	(62,194)	(51,332)
Net cash from investing activities	**(136,984)**	(131,780)	(97,244)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings on credit facilities	**90,000**	25,000	—
Repayments on credit facilities	**(50,783)**	(47,158)	(145,180)
Debt acquisition costs	**(901)**	—	—
Purchase of treasury stock	**(122,691)**	(175,699)	(58,126)
Dividends paid	**(76,410)**	(71,251)	(48,202)
Excess tax benefits from stock-based compensation	**4,343**	3,406	3,621
Proceeds from issuance of common stock upon exercise of stock options	**642**	609	6,775
Minimum tax withholding payments related to share based compensation	**(7,951)**	(6,598)	(3,926)
Proceeds from sale of common stock, net	**4,881**	4,284	3,700
Net cash from financing activities	**(158,870)**	(267,407)	(241,338)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**$ 77,936**	$ (57,528)	$ (29,408)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**$ 70,377**	$ 127,905	$ 157,313
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 148,313**	$ 70,377	$ 127,905

See notes to consolidated financial statements

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 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), by providing the conversion and software implementation services for financial institutions to utilize JHA software systems, and by providing other related services. JHA also 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 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 arrangements, support and service fees (non-software) and hardware sales. There are no rights of return, condition of acceptance or price protection in the Company’s sales contracts.

License Arrangements: For software license agreements, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the fee is fixed and determinable and collection is probable. For arrangements where the fee is not fixed or determinable, revenue is deferred until payments become due. The Company’s software license agreements generally include multiple products and services or “elements.” Generally, none of these elements are deemed to be essential to the functionality of the other elements.

For multiple element arrangements, which contain software elements and non-software elements, we allocate revenue to the software deliverables and the non-software deliverables as a group based on the relative selling prices of all of the deliverables in the arrangement. For our non-software deliverables, we allocate the arrangement consideration based on the relative selling price of the deliverables using estimated selling price ("ESP"). For our software elements, we use VSOE for this allocation when it can be established and ESP when VSOE cannot be established.

The selling price for each element is based upon the following selling price hierarchy: VSOE if available, third party evidence ("TPE") if VSOE is not available, or ESP if neither VSOE or TPE are available. Generally, we are not able to determine TPE because our go-to-market strategy differs from that of our peers and our offerings contain a significant level of differentiation such that the comparable pricing of products with similar functionality cannot be obtained. ESP is determined after considering both market conditions (such as the sale of similar products in the market place) and entity-specific factors (such as pricing practices and the specifics of each transaction).

For our non-software deliverables, a delivered item is accounted for as a separate unit of accounting if the delivered item has standalone value and if the customer has a general right of return relative to the delivered item, delivery or performance of the undelivered item is probable and substantially within our control.

For our software licenses and related services, including the software elements of multiple-element software and non-software arrangements, U.S. GAAP generally require revenue earned on software arrangements involving multiple elements to be allocated to each element based on vendor-specific objective evidence (“VSOE”) of fair value. VSOE of fair value is determined for implementation services based on a rate per hour for stand-alone professional services and the estimated hours for the bundled implementation, if the hours can be reasonably estimated. VSOE of fair value is determined for post-contract support ("PCS") based upon the price charged when sold separately. For a majority of the elements within our software arrangements, we have determined that VSOE cannot be established; therefore, revenue on our software arrangements is generally deferred until the only remaining element is post-contract support ("PCS"). At that point, the entire arrangement fee is recognized ratably over the remaining PCS period, assuming that all other criteria for revenue recognition have been met. The amounts deferred are included in the balance sheet as deferred revenue and recognized as Bundled Products & Services revenue within Support & Service revenue in the income statement.

For arrangements that include specified upgrades, such upgrades are accounted for as a separate element of the arrangement. For those specified upgrades for which VSOE of fair value cannot be determined, revenue related to the software elements within the arrangement is deferred until such specified upgrades have been delivered.

Total revenue recognized ratably related to our Bundled Products & Services was $62,888, $60,685 and $64,275 for the years ended June 30, 2015, 2014, and 2013, respectively.

Support and Service Fee Revenue (Non-software): Maintenance support revenue contracted for outside of a license arrangement is recognized pro-rata over the contract period, typically one year.

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. The revenue related to these hardware sales is recorded gross. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Revenue-based taxes collected from customers and remitted to governmental authorities are presented on a net basis (i.e. excluded from revenues).

DEFERRED COSTS

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

Direct and incremental costs associated with arrangements subject to Accounting Standards Codification ("ASC") 985-605 (for which VSOE of fair value cannot be established) are deferred until the only remaining element in the revenue arrangement is PCS at which point the costs are recognized ratably over the remaining PCS period with the related revenue. Deferred direct and incremental costs associated with arrangements not subject to ASC 985-605 consist primarily of certain up-front costs incurred in connection with our software hosting arrangements and are recognized ratably over the contract period which typically ranges from 5-7 years. These costs include commissions, costs of third-party licenses and the direct costs of our implementation services, consisting of payroll and other fringe benefits.

DEFERRED REVENUES

Deferred revenues consist primarily of prepaid annual software support fees, deferred bundled software arrangements revenue, and prepaid hardware maintenance fees. Deferred bundled software arrangements revenue and hardware maintenance contracts may be recognized over multiple years; therefore, the related deferred revenue and maintenance are classified as current or non-current in accordance with the terms of the contract. Software and hardware deposits received are also reflected as deferred revenues.

The vast majority of our maintenance (PCS) renews annually and runs from July 1 to June 30. Renewal billings are submitted to customers each June and the Company has the right to bill at that date; therefore we include those billings as gross in deferred revenue and as a receivable on our balance sheet at the end of each fiscal year.

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. 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. All of this amortization expense is included within Cost of support and service.

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.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is stated at cost and depreciated 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 those with an indefinite life (such as goodwill), over an estimated economic benefit period, generally five to twenty years.

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 other indefinite-lived intangible assets 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, 2015, 2014, and 2013 equals the Company's net income.

REPORTABLE SEGMENT INFORMATION

In accordance with U.S. GAAP, the Company's operations are classified as two reportable segments: bank systems and services and credit union systems and services (see Note 13). 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 facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2015, there were 21,843 shares in treasury stock and the Company had the remaining authority to repurchase up to 8,148 additional shares. The total cost of treasury shares at June 30, 2015 is $700,472. During fiscal 2015, the Company repurchased 2,048 treasury shares for $122,691. At June 30, 2014, there were 19,795 shares in treasury stock and the Company had authority to repurchase up to 5,196 additional shares.

Dividends declared per share were $0.94, $0.84, and $0.56 for the years ended June 30, 2015, 2014, and 2013, respectively.

EARNINGS 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.

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 is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Also, interest and penalties expense are recognized on the full amount of deferred benefits for uncertain tax positions. Our policy is to include interest and penalties related to unrecognized tax benefits in income tax expense.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers in May 2014. The new standard will supersede much of the existing authoritative literature for revenue recognition. In August 2015, the FASB also issued ASU No. 2015-14 which deferred the effective date of the new standard by one year. The standard and related amendments will be effective for the Company for its annual reporting period beginning July 1, 2018, including interim periods within that reporting period. Along with the deferral of the effective date, ASU No. 2015-14 allows early application as of the original effective date. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect as of the beginning of the period of adoption. The Company is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

In April 2015, the FASB also issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability (same treatment as debt discounts). ASU 2015-3 is effective for the company in fiscal year ended June 30, 2017. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company will adopt these changes for the fiscal year ended June 30, 2017.

NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

For cash equivalents, amounts receivable or payable and short-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities. The fair value of long term debt also approximates carrying value as estimated using discounted cash flows based on the Company's current incremental borrowing rates.

The Company's estimates of the fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: inputs to the valuation are quoted prices in an active market for identical assets

Level 2: inputs to the valuation include quoted prices for similar assets in active markets that are observable either directly or indirectly

Level 3: valuation is based on significant inputs that are unobservable in the market and the Company's own estimates of assumptions that we believe market participants would use in pricing the asset

Fair value of financial assets, included in cash and cash equivalents, and financial liabilities is as follows:

	Estimated Fair Value Measurements			Total Fair
	Level 1	Level 2	Level 3	Value
June 30, 2015				
Financial Assets:				
Money market funds	$ **98,888**	$ **—**	$ **—**	$ **98,888**
Financial Liabilities:				
Revolving credit facility	$ **—**	$ **50,000**	$ **—**	$ **50,000**
June 30, 2014				
Financial Assets:				
Money market funds	$ **28,877**	$ **—**	$ **—**	$ **28,877**

NOTE 3. PROPERTY AND EQUIPMENT

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

	June 30, 2015	June 30, 2014	Estimated Useful Life
Land	**$ 24,987**	$ 24,987	
Land improvements	**25,428**	25,411	5 - 20 years
Buildings	**144,414**	143,733	20 - 30 years
Leasehold improvements	**32,169**	28,962	5 - 30 years [1]
Equipment and furniture	**327,949**	316,064	3 - 10 years
Aircraft and equipment	**37,695**	27,246	5 - 15 years
Construction in progress	**23,563**	12,199	
	616,205	578,602	
Less accumulated depreciation	**319,873**	286,927	
Property and equipment, net	**$ 296,332**	$ 291,675	

[1] Lesser of lease term or estimated useful life

Property and equipment included $1,343 and $523 that was in accrued liabilities at June 30, 2015 and 2014, respectively. Also, the Company acquired $4,344 and $16,119 of computer equipment through capital leases for the years ended June 30, 2015 and 2014, respectively. These amounts were excluded from capital expenditures on the statement of cash flows.

NOTE 4. OTHER ASSETS

Goodwill

The carrying amount of goodwill for the years ended June 30, 2015 and 2014, by reportable segments, is as follows:

	June 30, 2015	June 30, 2014
Banking		
Beginning balance	**$ 423,190**	$ 403,720
Goodwill, acquired during the year	**—**	19,470
Goodwill, written off related to sale	**(2,395)**	—
Ending balance	**$ 420,795**	$ 423,190
Credit Union		
Beginning balance	**$ 129,571**	$ 129,571
Goodwill, acquired during the year	**—**	—
Ending balance	**$ 129,571**	$ 129,571

During the year the Profitstars® division of the Company sold its TeleWeb suite of Internet and mobile banking software products to Data Center Inc. (DCI). Goodwill allocated to the carrying amount of the net assets sold was calculated based on the relative fair values of the business disposed of and the portion of the reporting unit (in which the business resided) that was retained, multiplied by the reporting unit's carrying value of goodwill.

Other Intangible Assets

Information regarding other identifiable intangible assets is as follows:

	June 30, 2015		
	Gross Carrying Amount	**Accumulated Amortization**	**Net**
Customer relationships	**$ 276,337**	**(154,133)**	**$ 122,204**
Computer software	**$ 416,674**	**(225,133)**	**$ 191,541**
Other intangible assets:			
Purchased software	**32,192**	**(7,818)**	**24,374**
Trade names	**12,498**	**(2,834)**	**9,664**
Other intangible assets, total	**$ 44,690**	**(10,652)**	**$ 34,038**

	June 30, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 276,337	(139,735)	$ 136,602
Computer software	$ 345,248	(184,857)	$ 160,391
Other intangible assets:			
Purchased software	17,162	(1,933)	15,229
Trade names	12,498	(2,074)	10,424
Total	$ 29,660	(4,007)	$ 25,653

Customer relationships have lives ranging from 5 to 20 years. Our other intangible assets have useful lives ranging from 3 to 20 years.

Computer software includes the unamortized cost of commercial software products developed or acquired by the Company, which are capitalized and amortized over useful lives ranging from 5 to 10 years. Amortization expense for computer software totaled $43,798, $37,720, and $33,145 for the fiscal years ended June 30, 2015, 2014, and 2013, respectively. There were no material impairments in any of the fiscal years presented.

Amortization expense for all intangible assets was $64,841, $54,836, and $48,374 for the fiscal years ended June 30, 2015, 2014, and 2013, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2015, is as follows:

Years Ending June 30,	Computer Software	Customer Relationships	Other Intangible Assets	Total
2016	$ 44,416	$ 13,814	$ 7,756	$ 65,986
2017	35,602	13,585	6,249	55,436
2018	28,080	13,050	2,686	43,816
2019	19,701	12,829	955	33,485
2020	8,224	10,699	560	19,483

NOTE 5. DEBT

The Company's outstanding long and short term debt is as follows:

		June 30, 2015		June 30, 2014
LONG TERM DEBT				
Revolving credit facility	**$**	**50,000**	$	—
Capital leases		**816**		7,757
		50,816		7,757
Less current maturities		**714**		4,028
Debt, net of current maturities	**$**	**50,102**	$	3,729
SHORT TERM DEBT				
Capital leases	**$**	**1,881**	$	1,379
Current maturities of long-term debt		**714**		4,028
Notes payable and current maturities of long term debt	**$**	**2,595**	$	5,407

The following table summarizes the annual principal payments required as of June 30, 2015:

Years ended June 30,		
2016	$	2,595
2017		102
2018		—
2019		—
2020		50,000
Thereafter		—
	$	52,697

Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Long term capital lease obligations were entered into of which $816 remains outstanding at June 30, 2015 and $714 will be maturing within the next twelve months. The Company also has short term capital lease obligations totaling $1,881 at June 30, 2015. Included in property and equipment are assets under capital leases totaling $16,833, which have accumulated depreciation totaling $4,563.

Revolving credit facility

The revolving credit facility allows for borrowings of up to $300,000, which may be increased by the Company at any time until maturity to $600,000. The credit facility bears interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the highest of (i) the Prime Rate for such day, (ii) the sum of the Federal Funds Effective Rate for such day plus 0.50% and (iii) the Eurocurrency Rate for a one month Interest Period on such day for dollars plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit facility is secured by pledges of capital stock of certain subsidiaries of the Company and also guaranteed by certain subsidiaries of the Company. The credit facility is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of June 30, 2015, the Company was in compliance with all such covenants. The revolving loan terminates February 20, 2020 and at June 30, 2015, the outstanding revolving loan balance was $50,000.

Other lines of credit

The Company renewed an unsecured bank credit line on March 3, 2014 which provides for funding of up to $5,000 and bears interest at the prime rate less 1%. The credit line was renewed through April 30, 2017. At June 30, 2015, no amount was outstanding.

Interest

The Company paid interest of $1,111, $620, and $3,549 in 2015, 2014, and 2013 respectively.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Litigation

We are subject to various routine legal proceedings and claims, including the following:

In 2013 a patent infringement lawsuit entitled *DataTreasury Corporation v. Jack Henry & Associates, Inc. et. al*. was filed against the Company, several subsidiaries and a number of customer financial institutions in the US District Court for the Eastern District of Texas. The complaint seeks damages, interest, injunctive relief, and attorneys' fees for the alleged infringement of two patents, as well as trebling of damage awards for alleged willful infringement. We believe we have strong defenses and have defended the lawsuit vigorously. A part of that defense has been the filing of challenges to the validity of plaintiff's patents in post-grant proceedings at the Patent Trial and Appeal Board ("PTAB") of the U.S. Patent and Trademark Office. On April 29 and July 8, 2015, the PTAB issued decisions holding that all relevant claims of the plaintiff's patents are unpatentable and invalid. DataTreasury has moved for rehearing of the PTAB decisions. At this stage, we cannot make a reasonable estimate of possible loss or range of loss, if any, arising from this lawsuit.

Property and Equipment

The Company had $13,089 of material commitments at June 30, 2015 to purchase property and equipment related mainly to the purchase of aircraft. There were $14,293 material commitments at June 30, 2014.

Leases

The Company leases certain property under operating leases which expire over the next 6 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. Certain leases on real estate are subject to annual escalations for increases in operating expenses and property taxes.

As of June 30, 2015, net future minimum lease payments are as follows:

Years Ending June 30,		Lease Payments
2016	$	8,554
2017		7,163
2018		5,725
2019		2,845
2020		1,673
Thereafter		607
Total	$	26,567

Rent expense was $9,547, $8,609, and $8,124 in 2015, 2014, and 2013 respectively.

NOTE 7. INCOME TAXES

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

	Year Ended June 30,					
		2015		2014		2013
Current:						
Federal	**$**	**70,555**	$	77,937	$	54,574
State		**5,221**		10,166		4,540
Deferred:						
Federal		**28,018**		10,636		14,689
State		**1,425**		2,116		3,647
	$	**105,219**	$	100,855	$	77,450

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

	June 30, 2015	June 30, 2014
Deferred tax assets:		
Contract and service revenues and costs	**$ 68,503**	$ 71,383
Expense reserves (bad debts, insurance, franchise tax and vacation)	**14,612**	14,776
Net operating loss carryforwards	**3,682**	4,218
Other, net	**1,493**	1,148
	88,290	91,525
Deferred tax liabilities:		
Accelerated tax depreciation	**(32,331)**	(29,247)
Accelerated tax amortization	**(142,776)**	(125,054)
Contract and service revenues and costs	**(69,790)**	(64,338)
	(244,897)	(218,639)
Net deferred tax liability before valuation allowance	**(156,607)**	(127,114)
Valuation allowance	**(650)**	(700)
Net deferred tax liability	**$ (157,257)**	$ (127,814)

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

	2015	2014
Deferred income taxes (current)	**$ (7,034)**	$ (30,094)
Deferred income taxes (long-term)	**(150,223)**	(97,720)
	$ (157,257)	$ (127,814)

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

	Year Ended June 30, 2015	2014	2013
Computed "expected" tax expense	**35.0%**	35.0%	35.0%
Increase (reduction) in taxes resulting from:			
State income taxes, net of federal income tax benefits	**1.4%**	2.8%	2.2%
Research and development credit	**(1.5)%**	(0.8)%	(3.5)%
Domestic production activities deduction	**(2.0)%**	(2.2)%	(2.3)%
Other (net)	**0.4%**	0.3%	0.2%
	33.3%	35.1%	31.6%

As of June 30, 2015, we have $6,903 of net operating loss ("NOL") carryforwards pertaining to the acquisition of Goldleaf Financial Solutions, Inc., which are expected to be utilized after the application of IRC Section 382. Separately, as of June 30, 2015, we had state NOL carryforwards of $1,643. The federal and state losses have varying expiration dates, ranging from 2015 to 2034. Based on state tax rules which restrict our utilization of these losses, we believe it is more likely than not that $650 of these losses will expire unutilized. Accordingly, a valuation allowance of $650 and $700 has been recorded against these assets as of June 30, 2015 and 2014, respectively.

The Company paid income taxes of $61,885, $83,014, and $54,815 in 2015, 2014, and 2013 respectively.

At June 30, 2014, the Company had $7,834 of unrecognized tax benefits, $5,366 of which, if recognized, would affect our effective tax rate. At June 30, 2015, the Company had $7,104 of gross unrecognized tax benefits, $5,193 of which, if recognized, would affect our effective tax rate. We had accrued interest and penalties of $1,120 and $1,315 related to uncertain tax positions at June 30, 2015 and 2014, respectively. The income tax provision included interest expense and penalties (or benefits) on unrecognized tax benefits of $(155), $582, and $(60) in the years ending June 30, 2015, 2014, and 2013, respectively.

A reconciliation of the unrecognized tax benefits for the years ended June 30, 2015 and 2014 follows:

	Unrecognized Tax Benefits
Balance at July 1, 2013	$ 4,890
Additions for current year tax positions	1,380
Reductions for current year tax positions	—
Additions for prior year tax positions	1,662
Reductions for prior year tax positions	(1)
Settlements	—
Reductions related to expirations of statute of limitations	(97)
Balance at June 30, 2014	7,834
Additions for current year tax positions	**1,351**
Reductions for current year tax positions	**(56)**
Additions for prior year tax positions	**483**
Reductions for prior year tax positions	**(998)**
Settlements	**—**
Reductions related to expirations of statute of limitations	**(1,510)**
Balance at June 30, 2015	**$ 7,104**

The U.S. federal and state income tax returns for June 30, 2012 and all subsequent years remain subject to examination as of June 30, 2015 under statute of limitations rules. We anticipate potential changes could reduce the unrecognized tax benefits balance by $1,500 - $2,500 within twelve months of June 30, 2015.

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 30 days from date of billing. Reserves (which are insignificant at June 30, 2015, 2014, and 2013) 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 negative impact on the operations of the Company.

NOTE 9. STOCK-BASED COMPENSATION

Our pre-tax operating income for the years ended June 30, 2015, 2014 and 2013 includes $10,112, $10,091 and $8,615 of equity-based compensation costs, respectively, of which $9,251, $9,335 and $7,962 relates to the restricted stock plan, respectively.

2005 NSOP and 1996 SOP

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

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, 3 months after retirement, one year after death or 10 years after the date of grant. The plan terminated by its terms on October 29, 2006, although options previously granted under the 1996 SOP are still outstanding and vested.

The 2005 NSOP was adopted by the Company on September 23, 2005, for its outside directors. Generally, options are exercisable beginning 6 months after grant at an exercise price equal to the fair market value of the stock at the grant date. For individuals who have served less than 4 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 1 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.

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

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding July 1, 2012	464	$ 16.19	
Granted	—	—	
Forfeited	—	—	
Exercised	(320)	13.68	
Outstanding July 1, 2013	144	21.79	
Granted	—	—	
Forfeited	—	—	
Exercised	(19)	18.42	
Outstanding July 1, 2014	125	22.29	
Granted	—	—	
Forfeited	—	—	
Exercised	(25)	19.17	
Outstanding June 30, 2015	**100**	**$ 23.07**	**$ 4,164**
Vested June 30, 2015	**100**	**$ 23.07**	**$ 4,164**
Exercisable June 30, 2015	**100**	**$ 23.07**	**$ 4,164**

There were no options granted during any period presented. As of June 30, 2015, there were no unrecognized compensation costs related to stock options since all options have now vested. The weighted average remaining contractual term on options currently exercisable as of June 30, 2015 was 3.17 years.

The income tax benefits from stock option exercises totaled $4,343, $3,420 and $3,632 for the years ended June 30, 2015, 2014, and 2013, respectively.

The total intrinsic value of options exercised was $1,044, $704 and $8,254 for the fiscal years ended June 30, 2015, 2014, and 2013, 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 3 years to 7 years from grant date. On certain awards, the restrictions may be lifted sooner if certain targets for shareholder return are met.

The following table summarizes non-vested share awards activity:

Share awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2012	332	$ 23.13
Granted	53	36.78
Vested	(125)	23.17
Forfeited	(8)	23.11
Outstanding July 1, 2013	252	25.92
Granted	30	54.13
Vested	(143)	24.41
Forfeited	(1)	22.17
Outstanding July 1, 2014	138	33.56
Granted	12	57.77
Vested	(71)	35.69
Forfeited	(7)	46.39
Outstanding June 30, 2015	**72**	**$ 34.28**

The non-vested share awards 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, 2015, there was $808 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 1.02 years.

An amendment to the Restricted Stock Plan was adopted by the Company on August 20, 2010. Unit awards will be made to employees remaining in continuous employment throughout the performance period and vary based on the Company's percentile ranking in Total Shareholder Return ("TSR") over the performance period compared to a peer group of companies. TSR is defined as the change in the stock price through the performance period plus dividends per share paid during the performance period, all divided by the stock price at the beginning of the performance period. It is the intention of the Company to settle the unit awards in shares of the Company's stock.

The following table summarizes non-vested unit awards as of June 30, 2015, as well as activity for the year then ended:

Unit awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2012	672	$ 18.05
Granted	174	42.39
Vested	—	—
Forfeited	(32)	22.45
Outstanding July 1, 2013	814	23.08
Granted	164	48.21
Vested	(168)	15.77
Forfeited	(101)	15.77
Outstanding July 1, 2014	709	31.66
Granted	178	53.62
Vested	(277)	19.69
Forfeited	(111)	22.74
Outstanding June 30, 2015	**499**	**$ 48.13**

The Company utilized a Monte Carlo pricing model customized to the specific provisions of the Company's plan design to value unit awards subject to performance targets on the grant dates. The weighted average assumptions used in the model to measure fair value at the grant dates are as follows:

	Year Ended June 30,		
	2015	2014	2013
Volatility	17.8%	21.6%	23.3%
Risk free interest rate	1.06%	0.91%	0.33%
Dividend yield	1.5%	1.6%	1.2%
Stock Beta	0.765	0.837	0.864

For the year ended June 30, 2015, 164 unit awards were granted and measured using the above assumptions. The remaining 14 unit awards granted are not subject to performance targets, and therefore the estimated fair value at measurement date is valued in the same manner as restricted stock award grants.

At June 30, 2015, there was $9,442 of compensation expense that has yet to be recognized related to non-vested restricted stock unit awards, which will be recognized over a weighted-average period of 1.16 years.

NOTE 10. EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted earnings per share, as well as cash dividends paid per share:

	Year Ended June 30,		
	2015	2014	2013
Net Income	**$ 211,221**	$ 186,715	$ 167,610
Common share information:			
Weighted average shares outstanding for basic earnings per share	**81,353**	84,866	86,040
Dilutive effect of stock options and restricted stock	**248**	530	579
Weighted average shares outstanding for diluted earnings per share	**81,601**	85,396	86,619
Basic earnings per share	**$ 2.60**	$ 2.20	$ 1.95
Diluted earnings per share	**$ 2.59**	$ 2.19	$ 1.94

Per share information is based on the weighted average number of common shares outstanding for each of the fiscal years. Stock options and restricted stock have been included in the calculation of earnings per share to the extent they are dilutive. There were no anti-dilutive stock options and restricted stock excluded from the computation of diluted earnings per share for fiscal 2015, with 24 shares excluded for fiscal 2014 and no shares excluded for fiscal 2013.

NOTE 11. EMPLOYEE BENEFIT PLANS

The Company established an employee stock purchase plan in 2006. The plan allows the majority of employees the opportunity to directly purchase shares of the Company at a 15% discount. The plan does not meet the criteria as a non-compensatory plan. As a result, the Company records 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, 2015, 2014 and 2013 was $861, $756 and $653, respectively.

The Company has a defined contribution plan 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. In order to receive matching contributions, 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 $15,378, $13,617, and $12,426 for fiscal 2015, 2014 and 2013, respectively.

NOTE 12. BUSINESS ACQUISITION

Banno, LLC

Effective March 1, 2014, the Company acquired all of the equity interests of Banno, an Iowa-based company that provides Web and transaction marketing services with a focus on the mobile medium, for $27,910 paid in cash. This acquisition was funded using existing operating cash. The acquisition of Banno expanded the Company's presence in online and mobile technologies within the industry.

Management has completed a purchase price allocation of Banno and its assessment of the fair value of acquired assets and liabilities assumed. The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of March 1, 2014 are set forth below:

Current assets	$	**610**
Long-term assets		**87**
Identifiable intangible assets		**9,255**
Total liabilities assumed		**(1,512)**
Total identifiable net assets		**8,440**
Goodwill		**19,470**
Net assets acquired		**27,910**

The goodwill of $19,470 arising from this acquisition consists largely of the growth potential, synergies and economies of scale expected from combining the operations of the Company with those of Banno, together with the value of Banno's assembled workforce. Goodwill from this acquisition has been allocated to our Banking Systems and Services segment. Approximately 95% of the goodwill is expected to be deductible for income tax purposes.

Identifiable intangible assets from this acquisition consist of customer relationships of $3,946, $3,546 of computer software and other intangible assets of $1,763. The weighted average amortization period for acquired customer relationships, acquired computer software, and other intangible assets is 15 years, 8 years, and 20 years, respectively.

Current assets were inclusive of cash acquired of $16. The fair value of current assets acquired included accounts receivable of $476. The gross amount of receivables was $501, of which $25 was expected to be uncollectible.

During fiscal year 2014, the Company incurred $30 in costs related to the acquisition of Banno. These costs included fees for legal, valuation and other fees. These costs were included within general and administrative expenses.

The results of Banno's operations included in the Company's consolidated statement of operations for the year ended June 30, 2015 included revenue of $4,175 and after-tax net loss of $1,784. The results of Banno's operations included in the Company's consolidated statement of operations from the acquisition date to June 30, 2014 included revenue of $848 and after-tax net loss of $1,121.

The accompanying consolidated statements of income for the three and twelve month periods ended June 30, 2014 do not include any revenues and expenses related to this acquisition prior to the acquisition date. The impact of this acquisition was considered immaterial to both the current and prior periods of our consolidated financial statements and pro forma financial information has not been provided.

NOTE 13. REPORTABLE SEGMENT INFORMATION

The Company is a provider of integrated computer systems that perform data processing (available for in-house installations or outsourced services) for banks and credit unions. The Company's operations are classified into two reportable 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.

	June 30, 2015		
	Bank	**Credit Union**	**Total**
REVENUE			
License	**$ 1,727**	**$ 908**	**$ 2,635**
Support and service	**922,545**	**278,107**	**1,200,652**
Hardware	**38,457**	**14,446**	**52,903**
Total revenue	**962,729**	**293,461**	**1,256,190**
COST OF SALES			
Cost of license	**832**	**355**	**1,187**
Cost of support and service	**533,407**	**147,343**	**680,750**
Cost of hardware	**27,831**	**10,568**	**38,399**
Total cost of sales	**562,070**	**158,266**	**720,336**
GROSS PROFIT	**$ 400,659**	**$ 135,195**	**535,854**
OPERATING EXPENSES			**217,989**
INTEREST INCOME (EXPENSE)			**(1,425)**
INCOME BEFORE INCOME TAXES			**$ 316,440**

	Year Ended June 30, 2014		
	Bank	Credit Union	Total
REVENUE			
License	$ 1,514	$ 670	$ 2,184
Support and service	853,500	258,831	1,112,331
Hardware	42,657	16,001	58,658
Total revenue	897,671	275,502	1,173,173
COST OF SALES			
Cost of license	555	353	908
Cost of support and service	492,777	141,979	634,756
Cost of hardware	31,866	11,842	43,708
Total cost of sales	525,198	154,174	679,372
GROSS PROFIT	$ 372,473	$ 121,328	493,801
OPERATING EXPENSES			205,503
INTEREST INCOME (EXPENSE)			(728)
INCOME BEFORE INCOME TAXES			$ 287,570

	Year Ended June 30, 2013		
	Bank	Credit Union	Total
REVENUE			
License	$ 4,895	$ 471	$ 5,366
Support and service	794,433	248,368	1,042,801
Hardware	41,052	18,305	59,357
Total revenue	840,380	267,144	1,107,524
COST OF SALES			
Cost of license	765	95	860
Cost of support and service	461,370	140,250	601,620
Cost of hardware	29,936	13,714	43,650
Total cost of sales	492,071	154,059	646,130
GROSS PROFIT	$ 348,309	$ 113,085	461,394
OPERATING EXPENSES			210,637
INTEREST INCOME (EXPENSE)			(5,697)
INCOME BEFORE INCOME TAXES			$ 245,060

	Year Ended June 30,		
	2015	2014	2013
Depreciation expense, net			
Bank systems and services	**$ 50,154**	$ 48,382	$ 47,789
Credit Unions systems and services	**4,001**	4,553	4,178
Total	**$ 54,155**	$ 52,935	$ 51,967
Amortization expense, net			
Bank systems and services	**$ 47,502**	$ 39,152	$ 32,959
Credit Unions systems and services	**17,339**	15,684	15,415
Total	**$ 64,841**	$ 54,836	$ 48,374
Capital expenditures			
Bank systems and services	**$ 53,730**	$ 32,736	$ 44,976
Credit Unions systems and services	**679**	449	1,280
Total	**$ 54,409**	$ 33,185	$ 46,256

	June 30, 2015	June 30, 2014
Property and equipment, net		
Bank systems and services	**$ 263,231**	$ 258,437
Credit Union systems and services	**33,101**	33,238
Total	**$ 296,332**	$ 291,675
Intangible assets, net		
Bank systems and services	**$ 664,231**	$ 643,972
Credit Union systems and services	**233,918**	231,435
Total	**$ 898,149**	$ 875,407

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

NOTE 14. SUBSEQUENT EVENTS

Dividends

On August 21, 2015, the Company's Board of Directors declared a cash dividend of $0.25 per share on its common stock, payable on September 25, 2015 to shareholders of record on September 4, 2015.

Acquisition of Bayside

On July 1, 2015, the Company announced the acquisition of all the stock of Bayside Business Solutions, a provider of complete portfolio management systems for commercial lenders and industry leader in providing factoring software, for a net cash outlay of $10,000. This acquisition was funded with operating cash. We have not yet completed our purchase accounting procedures with respect to this acquisition. The impact of this acquisition is considered immaterial to our consolidated financial statements and pro forma financial information has not been provided.

QUARTERLY FINANCIAL INFORMATION
(unaudited)

	For the Year Ended June 30, 2015				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
REVENUE					
License	$ 503	$ 491	$ 569	$ 1,072	$ 2,635
Support and service	288,216	296,905	296,896	318,635	1,200,652
Hardware	12,755	13,898	12,244	14,006	52,903
Total revenue	**301,474**	**311,294**	**309,709**	**333,713**	**1,256,190**
COST OF SALES					
Cost of license	409	308	285	185	1,187
Cost of support and service	165,090	170,377	168,457	176,826	680,750
Cost of hardware	9,385	9,574	9,152	10,288	38,399
Total cost of sales	**174,884**	**180,259**	**177,894**	**187,299**	**720,336**
GROSS PROFIT	**126,590**	**131,035**	**131,815**	**146,414**	**535,854**
OPERATING EXPENSES					
Selling and marketing	21,663	22,175	21,674	23,492	89,004
Research and development	16,791	17,681	17,522	19,501	71,495
General and administrative	16,510	11,514	15,417	14,049	57,490
Total operating expenses	**54,964**	**51,370**	**54,613**	**57,042**	**217,989**
OPERATING INCOME	**71,626**	**79,665**	**77,202**	**89,372**	**317,865**
INTEREST INCOME (EXPENSE)					
Interest income	57	28	33	51	169
Interest expense	(266)	(337)	(669)	(322)	(1,594)
Total interest income (expense)	**(209)**	**(309)**	**(636)**	**(271)**	**(1,425)**
INCOME BEFORE INCOME TAXES	**71,417**	**79,356**	**76,566**	**89,101**	**316,440**
PROVISION FOR INCOME TAXES	25,329	25,474	25,854	28,562	105,219
NET INCOME	**$ 46,088**	**$ 53,882**	**$ 50,712**	**$ 60,539**	**$ 211,221**
Diluted earnings per share	**$ 0.56**	**$ 0.66**	**$ 0.63**	**$ 0.75**	**$ 2.59**
Diluted weighted average shares outstanding	**82,589**	**81,634**	**81,094**	**81,086**	**81,601**
Basic earnings per share	**$ 0.56**	**$ 0.66**	**$ 0.63**	**$ 0.75**	**$ 2.60**
Basic weighted average shares outstanding	**82,195**	**81,432**	**80,880**	**80,904**	**81,353**

	For the Year Ended June 30, 2014				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
REVENUE					
License	$ 762	$ 245	$ 603	$ 574	$ 2,184
Support and service	262,630	273,242	276,100	300,359	1,112,331
Hardware	14,338	15,356	14,731	14,233	58,658
Total revenue	**277,730**	**288,843**	**291,434**	**315,166**	**1,173,173**
COST OF SALES					
Cost of license	345	188	227	148	908
Cost of support and service	149,156	154,769	162,824	168,007	634,756
Cost of hardware	10,941	10,867	11,008	10,892	43,708
Total cost of sales	**160,442**	**165,824**	**174,059**	**179,047**	**679,372**
GROSS PROFIT	**117,288**	**123,019**	**117,375**	**136,119**	**493,801**
OPERATING EXPENSES					
Selling and marketing	20,738	20,503	21,719	22,483	85,443
Research and development	15,673	16,142	17,486	17,447	66,748
General and administrative	14,250	12,132	13,629	13,301	53,312
Total operating expenses	**50,661**	**48,777**	**52,834**	**53,231**	**205,503**
OPERATING INCOME	**66,627**	**74,242**	**64,541**	**82,888**	**288,298**
INTEREST INCOME (EXPENSE)					
Interest income	131	129	84	33	377
Interest expense	(280)	(267)	(262)	(296)	(1,105)
Total interest income (expense)	**(149)**	**(138)**	**(178)**	**(263)**	**(728)**
INCOME BEFORE INCOME TAXES	**66,478**	**74,104**	**64,363**	**82,625**	**287,570**
PROVISION FOR INCOME TAXES	23,258	25,744	21,757	30,096	100,855
NET INCOME	**$ 43,220**	**$ 48,360**	**$ 42,606**	**$ 52,529**	**$ 186,715**
Diluted net income per share	**$ 0.50**	**$ 0.56**	**$ 0.50**	**$ 0.62**	**$ 2.19**
Diluted weighted average shares outstanding	**85,854**	**85,986**	**85,467**	**84,276**	**85,396**
Basic net income per share	**$ 0.51**	**$ 0.57**	**$ 0.50**	**$ 0.63**	**$ 2.20**
Basic weighted average shares outstanding	**85,294**	**85,450**	**84,981**	**83,740**	**84,866**

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

BOARD OF DIRECTORS

›› **John F. "Jack" Prim**
Chairman of the Board and Chief Executive Officer
Jack Henry & Associates, Inc.®
Monett, Missouri

›› **Matthew C. Flanigan**
Vice Chairman and Lead Director, Jack Henry & Associates
Executive Vice President and Chief Financial Officer
Leggett & Platt, Incorporated
Carthage, Missouri

›› **Marla K. Shepard**
Retired as Chief Executive Officer
California Coast Credit Union
San Diego, California

›› **Tom H. Wilson, Jr.**
Managing Partner
DecisionPoint Advisors, LLC
Charlotte, North Carolina

›› **Jacqueline R. Fiegel**
Chairman/Central Oklahoma Area
Prosperity Bank
Oklahoma City, Oklahoma

›› **Thomas A. Wimsett**
Chairman and Managing Partner
Wimsett & Company, LLC
Louisville, Kentucky

›› **Laura G. Kelly**
Chief Product and Data Solutions Officer
The Dun & Bradstreet Corporation
Austin, Texas

›› **Shruti S. Miyashiro**
President and Chief Executive Officer
Orange County's Credit Union
Santa Ana, California

EXECUTIVE OFFICERS

- John F. "Jack" Prim
  Chairman of the Board and Chief Executive Officer
- David B. Foss
  President
- Kevin D. Williams
  Chief Financial Officer and Treasurer
- Mark S. Forbis
  Vice President and Chief Technology Officer

jha

ANNUAL MEETING

The annual meeting of shareholders will be held on Tuesday, November 10, 2015 at 11 a.m. CT at Jack Henry & Associates' Corporate Headquarters, Monett, Missouri.

FORM 10-K

A copy of the company's Form 10-K is available upon request to the Chief Financial Officer at the corporate headquarters address or from our website at www.jackhenry.com.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 30170
College Station, TX 77842-3170

jack henry
& ASSOCIATES INC.®

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

417-235-6652 | 417-235-4281 fax

www.jackhenry.com

jack henry Banking®
A DIVISION OF JACK HENRY & ASSOCIATES INC®

Symitar®
A JACK HENRY COMPANY

ProfitStars®
A JACK HENRY COMPANY