UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

Mark One)

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

For the fiscal year ended June 30, 2010

OR

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

For the transition period from _______________ to _______________

Commission File Number 0-14112

JACK HENRY AND ASSOCIATES, INC.
(Exact name of registrant as specified in its charter)

Delaware	43-1128385
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708
(Address of principal executive offices)

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

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

Title of each class	Name of each exchange on which registered
Common Stock ($0.01 par value)	NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [ ] No [ ]

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

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

Large Accelerated Filer [X]   Accelerated Filer [ ]   Non-Accelerated Filer [ ]

Smaller reporting Company [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes [ ] No [X]

As of August 20, 2010, the Registrant had 85,906,177 shares of Common Stock outstanding ($0.01 par value). On December 31, 2009, the aggregate market value of the Common Stock held by persons other than those who may be deemed affiliates

of Registrant was $1,820,259,273 (based on the average of the reported high and low sales prices on NASDAQ on December 31, 2009).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Notice of Annual Meeting of Stockholders and Proxy Statement for its 2010 Annual Meeting of Stockholders (the "Proxy Statement"), to the Table of Contents below, are incorporated by reference into Part II, Item 5 and into Part III of this Report.

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PART I

Item 1. Business

Jack Henry & Associates, Inc. (“JHA” or the “Company”) was founded in 1976 as a provider of core information processing solutions for community banks. Today, the Company’s extensive array of products and services includes processing transactions, automating business processes, and managing information for more than 11,200 financial institutions and diverse corporate entities.

JHA provides its products and services through four marketed brands:

§

Jack Henry Banking is a leading provider of integrated data processing systems to nearly 1,500 banks ranging from de novo or start-up institutions to mid-tier banks with assets of up to $15 billion. Our banking solutions support both in-house and outsourced operating environments with three functionally distinct core processing platforms and more than 100 integrated complementary solutions.

§ **Symitar** is a leading provider of core data processing solutions for credit unions of all sizes, with more than 700 credit union customers. Symitar markets two functionally distinct core processing platforms and more than 50 integrated complementary solutions that support both in-house and outsourced operating environments.

§ **ProfitStars** is a leading provider of highly specialized products and services to financial institutions that are primarily not core customers of the Company. These specialized solutions can be used with a wide variety of information technology platforms and operating environments. ProfitStars' offers solutions for generating revenue and growth opportunities, increasing security and mitigating operational risks, and controlling operating costs. ProfitStars' products and services enhance the performance of financial services organizations of all asset sizes and charters, and diverse corporate entities with more than 8,800 domestic and international customers.

§ **iPay Technologies** is a leading provider of electronic bill pay services. iPay Technologies' bill pay engine integrates with online banking platforms and provides individuals and small businesses with bill payment solutions. Through strategic partnerships with more than 50 providers of information processing and online banking solutions, iPay's electronic payments platform is supporting more than 1,700 financial institutions.

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

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

We also focus on establishing long-term customer relationships, continually expanding and strengthening those relationships with cross sales of additional products and services, earning new traditional and nontraditional clients, and ensuring each product offering is highly competitive.

We have three primary revenue sources:

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

JHA's gross revenue has grown from $590.9 million in fiscal 2006 to $836.6 million in fiscal 2010, representing a compound annual growth rate during this five-year period of 7 percent. Net income from continuing operations has grown from $90.9 million to $117.9 million during this same five-year period, representing a compound annual growth rate of 5 percent. Information regarding the classification of our business into separate segments serving the banking and credit union industries is set forth in Note 14 to the Consolidated Financial Statements (see Item 8).

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

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

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

Industry Background

Jack Henry Banking primarily serves commercial banks and savings institutions with less than $30.0 billion in assets. According to the Federal Deposit Insurance Corporation ("FDIC"), there were more than 7,900 commercial banks and savings institutions in this asset range as of December 31, 2009. Jack Henry Banking currently supports nearly 1,500 of these banks with its core information processing platforms and complementary products and services.

Symitar serves credit unions of all asset sizes. According to the Credit Union National Association ("CUNA"), there were more than 7,800 domestic credit unions as of December 31, 2009. Symitar currently supports more than 700 of these credit unions with core information processing platforms and complementary products and services.

ProfitStars serves financial services organizations of all asset sizes and charters. ProfitStars currently supports approximately 9,600 institutions with specialized solutions for generating additional revenue and growth, increasing security, mitigating operational risks, and controlling operating costs.

iPay Technologies serves financial institutions of all sizes. iPay currently supports more than 3,600 institutions with their electronic payment platform and online bill payment solutions.

The FDIC reports the number of commercial banks and savings institutions declined 11 percent from the beginning of calendar year 2005 to the end of calendar year 2009. Although the number of banks declined at a 2 percent compound annual rate during this period, aggregate assets increased at a compound annual rate of 7 percent and totaled $11.8 trillion as of December 31, 2009. Comparing calendar years 2009 to 2008, new bank charters decreased 68 percent and mergers decreased 39 percent.

CUNA reports the number of credit unions declined 16 percent from the beginning of calendar year 2005 to the end of calendar year 2009. Although the number of credit unions declined at a 3 percent compound annual rate during this period, aggregate assets increased at a compound annual rate of 6 percent and totaled $904.0 billion as of December 31, 2009.

According to *Automation in Banking 2010,* approximately 51 percent of all financial institutions currently utilize in-house core information processing solutions and approximately 49 percent outsource information processing to third-party providers. According to the *2010 Credit Union Technology Survey* published by Callahan & Associates, approximately 67 percent of all credit unions utilize in-house core information processing solutions and approximately 29 percent outsource information processing to third-party providers.

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

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

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

Mission Statement

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

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

Business Strategy

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

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

Focused Diversification Acquisition Strategy

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

Historically, our acquisition strategy focused on companies that:

§ Expanded our base of core financial institution customers,

§ Expanded our suite of complementary products and services that were cross sold to existing customers,

§ Enabled our entry into adjacent markets within financial services industry; and/or

§ Provided additional outsourcing capabilities/opportunities.

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

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

Since our focused diversification strategy was adopted, JHA has completed 19 acquisitions that support it and assembled three distinct product suites that enable users to:

§ Generate additional revenue and growth opportunities,
§ Increase security and mitigate operational risks, and /or
§ Control operating costs.

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

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

Fiscal Year	Company or Product Name	Products and Services
2010	iPay Technologies	Internet and telephone bill payment services
2010	PEMCO Technology Services	Payment processing solutions for credit unions

2010	Goldleaf Financial Solutions	Integrated technology and payment processing solutions
2008	AudioTel	Check and document imaging and electronic banking
2008	Gladiator Technology	Information Technology Security Services
2007	Margin Maximizer	Loan and Deposit Pricing Solutions
2006	ProfitStar	Asset/Liability Management, Budgeting and Profitability

Solutions

Our proprietary solutions are marketed through four business brands:

- **Jack Henry Banking** supports commercial banks with information and transaction processing platforms that provide enterprise-wide automation. Its solutions encompass three functionally distinct core processing systems and more than 100 complementary solutions, including business intelligence and bank management, retail and business banking, Internet banking and electronic funds transfer ("EFT"), risk management and protection, and item and document imaging solutions. Our banking solutions have state-of-the-art functional capabilities, and we can provide the hardware required by each software system. Our banking solutions can be delivered in-house or through outsourced implementation, and are backed by a company-wide commitment to provide exceptional personal service. Jack Henry Banking is a recognized market leader, currently supporting nearly 1,500 banks with its technology platforms.
- **Symitar** supports credit unions of all sizes with information and transaction processing platforms that provide enterprise-wide automation. Its solutions include two functionally distinct core processing systems and more than 50 complementary solutions, including business intelligence and credit union management, member and member business services, Internet banking and EFT, risk management and protection, and item and document imaging solutions. Our credit union solutions also have state-of-the-art functional capabilities, and we can provide the hardware required by each software system. Our credit union solutions can be delivered in-house or through outsourced implementation, and are also backed by our company-wide commitment to provide exceptional personal service.
- **ProfitStars** is a leading provider of specialized products and services assembled through our focused diversification acquisition strategy. These solutions are compatible with a wide variety of information technology platforms and operating environments, and include proven solutions for generating additional revenue and growth, increasing security and mitigating operational risks, and/or controlling operating costs. ProfitStars' products and services are enhancing the performance of financial services organizations of all asset sizes and charters, and diverse corporate entities with more than 8,800 domestic and international implementations. These distinct products and services can be implemented individually or as solution suites to address specific business problems and enable effective responses to dynamic industry trends.
- **iPay Technologies** is a leading provider of a configurable electronic payments platform and turnkey online bill payment solutions. These solutions integrate with any online banking platform, aiding financial institutions with the attraction and retention of customers. Through strategic partnerships with more than 50 providers of information processing and online banking solutions, iPay is supporting more than 1,700 financial institutions.

We will continue to develop and maintain functionally robust, integrated solutions that are supported with high service levels; regularly enhanced using an interactive customer enhancement process; compliant with relevant regulations; updated with proven advances in technology; and consistent with JHA's reputation as a premium product and service provider.

Core Software Systems

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

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

Jack Henry Banking's three core banking platforms are:

- **SilverLake®** is a robust IBM® System i™-based system primarily designed for commercial-focused banks with assets ranging from $500 million to $30 billion. However, an increasing number of progressive smaller banks, including de novo, or recently chartered start-up banks, are now selecting SilverLake. This system has been implemented by nearly 450 banks, and now automates approximately 6 percent of the domestic banks with assets less than $30 billion.
-

- **CIF 20/20®** is a parameter-driven, easy-to-use system that now supports approximately 780 banks ranging from de novo institutions to those with assets exceeding $2 billion. CIF 20/20 is the most widely used IBM System i-based core processing system in the community bank market.
- **Core Director®** is a Windows®-based, client/server system that now supports almost 250 banks ranging from de novo institutions to those with assets exceeding $1 billion. Core Director is a cost-efficient operating platform and provides intuitive point-and-click operation.

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

- **Episys®** is a robust IBM System p™-based system primarily designed for credit unions with more than $50 million in assets. It has been implemented by almost 550 credit unions and is ranked as the system implemented by more credit unions with assets exceeding $25 million than any other alternative.
- **Cruise®** is a Windows-based, client/server system designed primarily for credit unions with less than $50 million in assets. It has been implemented by more than 170 credit unions, is cost-efficient, and provides intuitive point-and-click, drag-and-drop operation.

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

Customers can eliminate the significant up-front capital expenditures required by in-house installations and the responsibility for operating information and transaction processing infrastructures by outsourcing these functions to JHA. Our outsourcing services are provided through a national network of eight data centers in six physical locations and 10 image-enabled item processing centers. Customers electing to outsource their core processing typically sign five-year contracts that include transaction-based processing fees and minimum guaranteed payments during the contract period.

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

Complementary Products and Services

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

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

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

Hardware Systems

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

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

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

Implementation and Training

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

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

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

We also provide extensive initial and ongoing education to our customers. Know-It-All Education is a comprehensive training program that supports new customers with basic training and longtime customers with continuing education. The curricula provide the ongoing training financial institutions need to maximize the use of JHA’s core and complementary products, to optimize ongoing system enhancements, and to fully understand dynamic year-end legislative and regulatory requirements. Each basic, intermediate, and advanced course is delivered by system experts, supported by professional materials and training tools, and incorporates different educational media in a blended learning approach. Know-It-All Education supports distinct learning preferences with a variety of delivery channels, including classroom-based courses offered in JHA’s regional training centers, Internet-based live instruction, eLearning courses, on-site training, and train-the-t rainer programs.

Support and Services

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

- Exacting service standards;
- Trained support staffs available 24 hours-a-day, 365 days-a-year;
- Assigned account managers;
- Sophisticated support tools, resources, and technology; and
- A best practices methodology developed and refined through the company-wide, day-to-day experience supporting more than 11,200 diverse clients.

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

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

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

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

Regulatory Compliance

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

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

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

Research and Development

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

Research and development expenses for fiscal years 2010, 2009, and 2008 were $50.8 million, $42.9 million, and $43.3 million, respectively. Capitalized software for fiscal years 2010, 2009 and 2008 was $25.6 million, $24.7 million, and $23.7 million, respectively.

Sales and Marketing

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

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

Dedicated sales forces support each of JHA's three business brands. Sales executives are responsible for the activities required to earn new customers in assigned territories, and regional account executives are responsible for nurturing customer relationships and cross selling additional products and services. Our sales professionals receive base salaries and performance-based commission compensation. Brand-specific sales support staff provide a variety of services, including product and service demonstrations, responses to prospect-issued requests-for-proposals, and proposal and contract generation. A centralized marketing department supports all four business lines with lead generation and brand-building activities,

including participation in state-specific, regional, and national trade shows; print and online advertising; telemarketing; customer newsletters; ongoing promotional campaigns; and media relations. JHA also hosts annual national user group meetings which provide opportunities to network with existing clients and demonstrate new products and services.

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

JHA sells select products and services in the Caribbean, Europe and South America as a result of recent acquisitions. International sales account for less than one percent of JHA's total revenue in each of the three years ended June 30, 2010, 2009, and 2008.

Backlog

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

Backlog as of June 30, 2010 totaled $328.8 million, consisting of $78.2 million for in-house products and services, and $250.6 million for outsourcing services. Approximately $189.2 million of the outsourcing services backlog as of June 30, 2010 is not expected to be realized during fiscal 2011 due to the long-term nature of many outsourcing contracts. Backlog as of June 30, 2009 totaled $289.4 million, and consisted of $66.8 million for in-house products and services, and $222.5 million for outsourcing services.

Our in-house backlog is subject to seasonal variations and can fluctuate quarterly. Our outsourcing backlog continues to experience growth based on new contracting activities and renewals of multi-year contracts, and although the appropriate portion of this revenue will be recognized during fiscal 2011, the backlog is expected to trend up gradually for the foreseeable future due to renewals of existing relationships and new contracting activities.

Competition

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

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

Intellectual Property, Patents, and Trademarks

Although we believe our success depends upon our technical expertise more than our proprietary rights, our future success and ability to compete depend in part upon our proprietary technology. We have registered or filed applications for our primary trademarks. Most of our technology is not patented. Instead, we rely on a combination of contractual rights, copyrights, trademarks, and trade secrets to establish and protect our proprietary technology. We generally enter into confidentiality agreements with our employees, consultants, resellers, customers, and potential customers. Access to and distribution of our Company's source code is restricted, and the disclosure and use of other proprietary information is further limited. Despite our efforts to protect our proprietary rights, unauthorized parties can attempt to copy or otherwise obtain, or use our products or technology. We cann ot be certain that the steps taken in this regard will be adequate to prevent misappropriation of our technology or that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology.

Government Regulation

The financial services industry is subject to extensive and complex federal and state regulation. All financial institutions are subject to substantial regulatory oversight and supervision. Our products and services must comply with the extensive and evolving

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

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

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

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

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

Employees

As of June 30, 2010 and 2009, JHA had 4,528 and 3,808 full-time employees, respectively. Of our full-time employees, approximately 760 are employed in the credit union segment of our business, with the remainder employed in the bank business segment or in general and administrative functions that serve both segments. Our employees are not covered by a collective bargaining agreement and there have been no labor-related work stoppages.

Available Information

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

Item 1A. Risk Factors

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

Our business may be adversely impacted by U.S. and global market and economic conditions. We derive most of our revenue from products and services we provide to the financial services industry. Given this concentration, we may be particularly exposed to the current global economic recession. If the economic environment remains poor, it may result in significant decreases in demand by current and potential clients for our products and services, which could have a material adverse effect on our business, results of operations and financial condition.

Changes in the banking and credit union industry could reduce demand for our products. Cyclical fluctuations in economic conditions affect profitability and revenue growth at commercial banks and credit unions. Unfavorable economic conditions negatively affect the spending of banks and credit unions, including spending on computer software and hardware. Such conditions could reduce both our sales to new customers and upgrade/complementary

product sales to existing customers. The Company could also experience the loss of customers due to their financial failure.

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

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

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

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

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

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

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

Consolidation of financial institutions will continue to reduce the number of our customers and potential customers. Our primary market consists of approximately 7,900 commercial and savings banks and 7,800 credit unions. The number of commercial banks and credit unions has decreased because of mergers and acquisitions over the last several decades and is expected to continue to decrease as more consolidation occurs.

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

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

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

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

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

If others claim that we have infringed their intellectual property rights, we could be liable for significant damages. We have agreed to indemnify many of our customers against claims that our products and services infringe on the proprietary rights of others. We anticipate

that the number of infringement claims will increase as the number of our software solutions and services increases and the functionality of our products and services expands. Any such claims, whether with or without merit, could be time-consuming, result in costly litigation and may not be resolved on terms favorable to us.

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own 154 acres located in Monett, Missouri on which we maintain nine office buildings, shipping & receiving and maintenance buildings. We also own buildings in Houston, Texas; Allen, Texas; Albuquerque, New Mexico; Birmingham, Alabama; Lenexa, Kansas; Angola, Indiana; Shawnee Mission, Kansas; Rogers, Arkansas; Oklahoma City, Oklahoma; Elizabethtown, Kentucky; Springfield, Missouri and San Diego, California. The Springfield, Missouri building was under construction as of June 30, 2010. Our owned facilities represent approximately 1,000,000 square feet of office space in ten states. We have 56 leased office facilities in 21 states, which total approximately 552,000 square feet. Approximately 26% or 46,000 square feet of the office space in Allen, TX is leased to an outside tenant. The balance of our owned and leased office facilities are for normal business purposes.

Of our facilities, the credit union business segment uses office space totaling approximately 152,000 square feet in ten facilities. The majority of our San Diego, California offices are used in the credit union business segment, as are portions of nine other office facilities. The remainder of our leased and owned facilities, approximately 1,400,000 square feet of office space, is primarily devoted to serving our bank business segment or supports our whole business.

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

Item 3. Legal Proceedings

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

PART II

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

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

Fiscal 2010	High	Low
Fourth Quarter	$26.50	$22.55
Third Quarter	24.88	21.01
Second Quarter	24.75	22.22
First Quarter	24.66	19.56

Fiscal 2009	High	Low
Fourth Quarter	$20.99	$16.95
Third Quarter	19.94	14.29
Second Quarter	20.39	14.76
First Quarter	24.45	19.02

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, 2010 and 2009 are as follows:

Fiscal 2010	**Dividend**
Fourth Quarter	**$0.095**
Third Quarter	**0.095**
Second Quarter	**0.085**
First Quarter	**0.085**

Fiscal 2009	Dividend
Fourth Quarter	$0.085
Third Quarter	0.085
Second Quarter	0.075
First Quarter	0.075

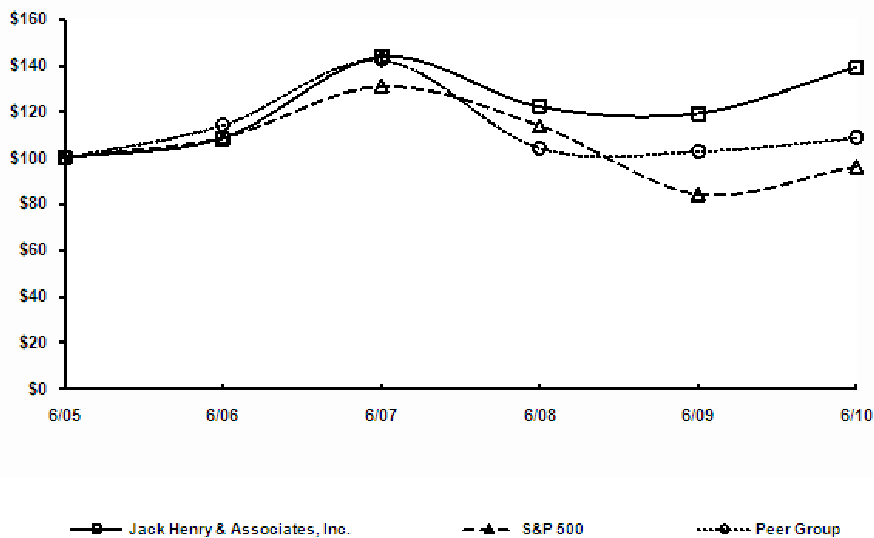
The declaration and payment of any future dividends will continue to be at the discretion of our Board of Directors and will depend upon, among other factors, our earnings, capital requirements, contractual restrictions, and operating and financial condition. The Company does not currently foresee any 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 20, 2010, there were approximately 45,000 holders of the Company’s common stock. On that same date the last sale price of the common shares as reported on NASDAQ was $24.05 per share.

Performance Graph

The following chart presents a comparison for the five-year period ended June 30, 2010, 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:



This comparison assumes $100 was invested on June 30, 2005, 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 Bottomline Technology, Inc., Cerner Corp., DST Systems, Inc., Euronet Worldwide, Inc., Fair Isaac Corp., Fidelity National Financial, Inc., Fiserv, Inc., Online Resources Corp., S1 Corp., SEI Investments Company, Telecommunications Systems, Inc., and Tyler Technologies Corp.

Item 6. Selected Financial Data

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

	YEAR ENDED JUNE 30,				
Income Statement Data	**2010**	2009	2008	2007	2006
Revenue [1]	**$ 836,586**	$ 745,593	$ 742,926	$ 666,467	$ 590,877
Income from continuing operations	**$ 117,870**	$ 103,102	$ 105,287	$ 105,644	$ 90,863
Diluted net income per share, continuing operations	**$ 1.38**	$ 1.22	$ 1.17	$ 1.15	$ 0.97
Dividends declared per share	**$ 0.36**	$ 0.32	$ 0.28	$ 0.24	$ 0.20
Balance Sheet Data					
Working capital	**$ (53,883)**	$ 15,239	$ (11,418)	$ 19,908	$ 42,918
Total assets	**$ 1,564,146**	$1,050,700	$1,021,044	$ 999,340	$ 906,067
Long-term debt, net of current maturities	**$ 272,732**	$ -	$ 24	$ 128	$ 421
Stockholders' equity	**$ 750,371**	$ 626,506	$ 601,451	$ 598,365	$ 575,212

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

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

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

OVERVIEW

Background and Overview

We provide integrated computer systems for in-house and outsourced data processing to commercial banks, credit unions and other financial institutions. We have developed and acquired banking and credit union application software systems that we market, together with compatible computer hardware, to these financial institutions. We also perform data conversion and software implementation services for our systems and provide continuing customer support services after the systems are implemented. For our customers who prefer not to make an up-front capital investment in software and hardware, we provide our full range of products and services on an outsourced basis through our eight data centers in six physical locations and 10 item-processing centers located throughout the United States.

A detailed discussion of the major components of the results of operations follows. All dollar amounts are in thousands and discussions compare fiscal 2010 to fiscal 2009 and compare fiscal 2009 to fiscal 2008.

We derive revenues from three primary sources:

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

Over the last five fiscal years, our revenues have grown from $590,877 in fiscal 2006 to $836,586 in fiscal 2010. Income from continuing operations has grown from $90,863 in fiscal 2006 to $117,870 in fiscal 2010. This growth has resulted primarily from internal expansion supplemented by strategic acquisitions, allowing us to develop and acquire new products and services for approximately 11,200 customers who utilize our software systems or services as of June 30, 2010.

Since the start of fiscal 2008, we have completed 5 acquisitions. All of these acquisitions were accounted for using the purchase method of accounting and our consolidated financial statements include the results of operations of the acquired companies from their respective acquisition dates.

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

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

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

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

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

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

RESULTS OF OPERATIONS

FISCAL 2010 COMPARED TO FISCAL 2009

In fiscal 2010, revenues increased 12% or $90,993 compared to the prior year due primarily to the current year acquisition of Goldleaf Financial Solutions, Inc. ("GFSI"), PEMCO Technology Services, Inc. ("PTSI") and iPay Technologies Holding Company, LLC ("iPay"). During fiscal

2010, the Company's management engaged in various cost-cutting efforts that, when combined with the growth in revenue, resulted in a 14% increase in net income.

The US financial crisis is a primary concern at this time as it affects our customers and our industry. The profits of many financial institutions have decreased and this has resulted in some reduction of demand for new products and services. We remain cautiously optimistic, however, with increasing portions of our business coming from recurring revenue, increases in backlog and an encouraging sales pipeline in specific areas. Our customers will continue to face regulatory and operational challenges which our products and services address, and in these times they have an even greater need for some of our solutions that directly address institutional profitability and efficiency. We face these times with a strong balance sheet and an unwavering commitment to superior customer service, and we believe that we are well positioned to address current opportunities as well as those which will arise when the economic rebound strengthen s. Our cautious optimism has been expressed through our acquisitions of GFSI, PTSI and iPay during the year ended June 30, 2010. These are the three largest acquisitions in our Company's history and present us with opportunities to extend our customer base and produce returns for our stockholders.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	2010	2009	
License	**$ 52,225**	$ 58,434	**-11%**
Percentage of total revenue	**6%**	8%	

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

The decrease in license revenue for the current year is due mostly to decreases in complementary product license revenue compared to the prior year. Overall, license revenue from our core software products were up 16% from the prior year. In addition, our acquisition of GFSI in October added $5,638 in license revenue during fiscal 2010. These gains were more than offset by decreases in license revenue for most of our complementary software products. These decreases in complementary software product license revenue result from the recent economic downturn, as we have seen some of our customers postpone making non-essential capital investments in technology, including software. In addition, our customers are often electing to contract for our products via outsourced delivery rather than a traditional license agreement. Our outsourced delivery does not require our customers to make a large, up-front capital investm ent in license fees or hardware.

Support and Service Revenue

	Year Ended June 30,		% Change
	2010	2009	
Support and service	**$ 720,504**	$ 614,242	**+17%**
Percentage of total revenue	**86%**	82%	

Year Over Year Change	**$ Change**	**% Change**
In-House Support & Other Services	$ 17,952	7%
EFT Support	67,451	45%
Outsourcing Services	15,223	11%
Implementation Services	5,636	10%
Total Increase	**$106,262**	

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

There was strong growth in all support and service revenue components in fiscal 2010. In-house support and other services increased mostly as a result of the acquisition of GFSI, which added revenue of $15,527 since acquisition.

EFT support experienced the largest percentage growth. Most of the revenue growth in EFT is attributable to the acquisition of GFSI, PTSI and iPay. Combined, the acquisitions added $55,020 to this line during the current year. However, organic revenue growth within EFT support continues to be strong with an increase of 8% over the prior fiscal year.

Outsourcing services for banks and credit unions continue to drive revenue growth as customers continue to choose outsourcing for the delivery of our solutions. We expect the trend towards outsourced product delivery to benefit outsourcing services revenue for the foreseeable future.

The increase in implementation services revenue is primarily related to the acquisition of GFSI, which added $4,452 in implementation revenue for the current year.

Hardware Revenue

	Year Ended June 30,		% Change
	2010	2009	
Hardware	**$ 63,857**	$ 72,917	**-12%**
Percentage of total revenue	**8%**	10%	

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 mainly due to a decrease in the number of hardware systems and components delivered in the current year compared to a year ago. Hardware revenue has been generally commensurate with the trends in license revenue; however, while hardware revenue has benefitted from the acquisition of GFSI, it has not benefitted to the same degree as license revenue. GFSI added hardware revenue of $1,301 since its acquisition.

COST OF SALES AND GROSS PROFIT

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

Cost of Sales and Gross Profit

	Year Ended June 30,		% Change
	2010	2009	
Cost of License	**$ 5,827**	$ 6,885	**-15%**
Percentage of total revenue	**1%**	1%	
License Gross Profit	**$ 46,398**	$ 51,549	**-10%**
Gross Profit Margin	**89%**	88%	
Cost of support and service	**$ 438,476**	$ 385,837	**+14%**
Percentage of total revenue	**52%**	52%	
Support and Service Gross Profit	**$ 282,028**	$ 228,405	**+23%**
Gross Profit Margin	**39%**	37%	
Cost of hardware	**$ 47,163**	$ 53,472	**-12%**
Percentage of total revenue	**6%**	7%	
Hardware Gross Profit	**$ 16,694**	$ 19,445	**-14%**
Gross Profit Margin	**26%**	27%	
TOTAL COST OF SALES	**$ 491,466**	$ 446,194	**+10%**
Percentage of total revenue	**59%**	60%	
TOTAL GROSS PROFIT	**$ 345,120**	$ 299,399	**+15%**
Gross Profit Margin	**41%**	40%	

The current year decrease in cost of license is generally commensurate with the related trends in license revenue. Cost of license depends greatly on third party reseller agreement software vendor costs. During the current year, these costs have decreased as a percentage of license revenue as complementary software sales that have associated third party vendor costs have decreased.

Cost of support and service increased for the year commensurate with the increase in support and services revenue. Combined, the companies acquired during fiscal 2010 added $50,480 to this line. Support and services gross profit margin has increased for the year due to cost control measures undertaken by the Company and as EFT support services, with higher margins than other components of Support and services revenue, have become a larger percentage of that revenue line.

Cost of hardware has fluctuated in line with hardware revenue for the current year, with slightly leaner margins resulting from a shift in sales mix.

OPERATING EXPENSES

Selling and Marketing

	Year Ended June 30,		% Change
	2010	2009	
Selling and marketing	**$ 60,875**	$ 54,931	**+11%**
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 market segments, and are overseen by regional sales managers. Our sales executives are responsible for pursuing lead generation activities for new core customers. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services.

For the 2010 fiscal year, selling and marketing expenses increased primarily due to current year acquisitions, which added $10,272 to this line during the current year. The acquisition-related increases were partially offset by decreases in selling and marketing personnel costs throughout the rest of the Company, which were the result of cost-cutting measures undertaken by management.

Research and Development

	Year Ended June 30,		% Change
	2010	2009	
Research and development	**$ 50,820**	$ 42,901	**+18%**
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 for the current year due primarily to current year acquisitions, which added $8,126 in expense during fiscal 2010.

General and Administrative

	Year Ended June 30,		% Change
	2010	2009	
General and administrative	**$ 51,172**	$ 43,681	**+17%**
Percentage of total revenue	**6%**	6%	

General and administrative costs include all expenses related to finance, legal, human resources, plus all administrative costs. General and administrative expenses increased for the year due to current year acquisitions, including costs directly related to the acquisition transactions. Combined, the acquired companies added $7,700 of general and administrative costs during fiscal 2010, including $4,237 of one-time acquisition transaction costs.

INTEREST INCOME (EXPENSE)

Interest income decreased 79% from $781 to $161 due primarily to lower interest rates on invested balances. Interest expense increased 19% from $1,357 to $1,618 due to primarily to borrowings made in the fourth quarter of fiscal 2010 to consummate the acquisition of iPay.

PROVISION FOR INCOME TAXES

The provision for income taxes was $62,926 or 34.8% of income before income taxes in fiscal 2010 compared with $54,208 or 34.5% of income before income taxes fiscal 2009. The increase was primarily due to the expiration of the Research and Experimentation Credit ("R&E Credit"), effective January 1, 2010, as well as increases in the rate at which deferred tax liabilities are expected to reverse in future years. These increases were mostly offset by additional benefits received through an extensive analysis of the Domestic Production Activities Deduction (IRC Section 199).

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations increased, moving from $103,102, or $1.22 per diluted share in fiscal 2009 to $117,870, or $1.38 per diluted share in fiscal 2010.

DISCONTINUED OPERATIONS

There was no gain or loss from discontinued operations for fiscal 2010 or 2009.

FISCAL 2009 COMPARED TO FISCAL 2008

In fiscal 2009, revenues remained fairly even compared to the prior year as growth in Support and services revenue was offset by decreases in license and hardware revenue. This continuing shift in sales mix resulted in slightly leaner gross and operating margins. As a result, revenue that was consistent with the prior year yielded income from continuing operations that was down 2% in comparison to fiscal 2008.

The US financial crisis is a primary concern at this time as it threatens our customers and our industry. The profits of many financial institutions have decreased and this has resulted in some reduction of demand for new products and services. We remain cautiously optimistic, however, with increasing portions of our business coming from recurring revenue, increases in backlog and encouraging sales pipeline in specific areas. Our customers will continue to face regulatory and operational challenges which our products and services address, and in these times have an even greater need for some of our solutions that directly address institutional profitability and efficiency. We face these uncertain times with a strong balance sheet and an unwavering commitment to superior customer service, and we believe that we are well positioned to address current opportunities as well as those which will arise when the economi c rebound occurs.

REVENUE

License Revenue

	Year Ended June 30,		% Change
	2009	2008	
License	**$ 58,434**	$ 73,553	**-21%**
Percentage of total revenue	**8%**	10%	

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

As a result of the current economic downturn, we have seen some of our customers postpone making large capital investments in technology, including software. In addition, our customers are often electing to contract for our products via an outsourced delivery rather than a traditional license agreement. Our outsourced delivery does not require our customers to make a large, up-front capital investment in license fees or hardware. During fiscal 2009, our core software products either had a decrease in license revenue or they remained even compared to the prior year. In particular, Episys®, our flagship core solution for credit unions experienced a decrease. Episys revenue has decreased as we have seen a decrease in the average size of contracts delivered during the year. Those contracts were smaller on average since they were made with smaller credit unions. Our license revenues for most of our complementary software solutions are also down compared to the prior year with the exception of certain of our item and document imaging solutions, particularly Synergy Enterprise Content Management, which has experienced 31% growth over the prior year.

Support and Service Revenue

	Year Ended June 30,		% Change
	2009	2008	
Support and service	**$ 614,242**	$ 580,334	**+6%**
Percentage of total revenue	**82%**	78%	

Year Over Year Change	$ Change	% Change
In-House Support & Other Services	$ 19,692	8%
EFT Support	15,699	12%
Outsourcing Services	4,059	3%
Implementation Services	(5,542)	-9%
Total Increase	**$ 33,908**	

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

There was strong growth in most support and service revenue components in fiscal 2009. In-house support and other services increased partially as a result of license agreements for which the implementations were completed during the latest twelve months. In addition, because annual maintenance fees are based on supported institutions' asset size, in-house support revenues increase as our customers' assets grow.

EFT support, including ATM and debit card transaction processing, online bill payment services, remote deposit capture and transaction processing services, experienced the largest percentage growth as we have seen strong growth in our bill pay and enterprise payment solutions. In addition, we have seen continuing expansion of our customer basis for EFT support as a whole.

Overall, Outsourcing services revenue grew only slightly. However, our core data processing revenue increased over 8% year-to-date compared to last year as our customers continue to choose outsourcing for the delivery of our solutions. These gains have been largely offset by a decrease in de-conversion revenue and in item processing revenue. We expect the trend towards outsourced product delivery to benefit Outsourcing services revenue; however, we also expect item-processing revenue to continue to decline as fewer paper checks are processed in favor of check images and remote deposit capture.

The decrease in implementation services revenue is related to fewer convert/merger implementations for our bank customers due to the slowdown in bank merger and acquisition activity in the current market environment.

Hardware Revenue

	Year Ended June 30,		% Change
	2009	2008	
Hardware	**$ 72,917**	$ 89,039	**-18%**
Percentage of total revenue	**10%**	12%	

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 mainly due to a decrease in the number of hardware systems and components delivered in the current year compared to a year ago. Hardware revenue has been negatively impacted by the decrease in the number of implementations of licensed core systems and the increase in outsourcing contracts, which typically do not include hardware. Additionally, during the prior fiscal year, hardware revenue was increased by increased IBM System i upgrades, which have not occurred at the same level in the current fiscal year.

COST OF SALES AND GROSS PROFIT

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

Cost of Sales and Gross Profit

	Year Ended June 30, 2009	2008	% Change
Cost of License	**$ 6,885**	$ 6,698	**+3%**
Percentage of total revenue	**<1%**	<1%	
License Gross Profit	**$ 51,549**	$ 66,855	**-23%**
Gross Profit Margin	**88%**	91%	
Cost of support and service	**$ 385,837**	$ 364,140	**+6%**
Percentage of total revenue	**52%**	49%	
Support and Service Gross Profit	**$ 228,405**	$ 216,194	**+6%**
Gross Profit Margin	**37%**	37%	
Cost of hardware	**$ 53,472**	$ 64,862	**-18%**
Percentage of total revenue	**7%**	9%	
Hardware Gross Profit	**$ 19,445**	$ 24,177	**-20%**
Gross Profit Margin	**27%**	27%	
TOTAL COST OF SALES	**$ 446,194**	$ 435,700	**+2%**
Percentage of total revenue	**60%**	59%	
TOTAL GROSS PROFIT	**$ 299,399**	$ 307,226	**-3%**
Gross Profit Margin	**40%**	41%	

Cost of license increased for the fiscal year due to greater third party reseller agreement software vendor costs. These costs have led to gross profit margin on license revenue being lower than the prior year. We expect this impact of third party software to continue to result in license gross profit margins that are lower than in prior years as third party software becomes a larger portion of our total license revenue.

Cost of support and service increased for the year commensurate with an increase in support and service revenue, which led to gross profit margin consistent with that realized in the prior year.

Cost of hardware decreased for the year in line with the decrease in hardware revenue. Hardware gross profit margin remained at 27% for both years.

OPERATING EXPENSES

Selling and Marketing

	Year Ended June 30, 2009	2008	% Change
Selling and marketing	**$ 54,931**	$ 55,916	**-2%**
Percentage of total revenue	**7%**	8%	

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

For the 2009 fiscal year, the selling and marketing expenses decrease was due to lower marketing expenses, including lower product promotion and trade show expenses, than were incurred in the prior year. Overall, Selling and marketing expenses decreased slightly as a percentage of total revenue in comparison to a year ago. Commission expense has remained level compared to last year due to lower license and hardware revenues, partially offset by growth in support and service revenue.

Research and Development

	Year Ended June 30, 2009	2008	% Change
Research and development	**$ 42,901**	$ 43,326	**-1%**
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 decreased slightly for fiscal year 2009 primarily due to cost control measures undertaken by the Company. These measures included a reduction in the use of consultants and independent contractors compared to last year. As a result of these efforts, Research and development expenses have remained level at 6% of total revenue.

General and Administrative

	Year Ended June 30, **2009**	2008	% Change
General and administrative	**$ 43,681**	$ 43,775	**-0%**
Percentage of total revenue	**6%**	6%	

General and administrative costs include all expenses related to finance, legal, human resources, plus all administrative costs. General and administrative expense have remained level for the current year compared to prior year, as cost control measures have slowed the growth in personnel costs and reduced travel and other operating expenses. General and administrative expenses have remained a consistent 6% of total revenue for both years.

INTEREST INCOME (EXPENSE)

Interest income decreased 64% from $2,145 to $781 due primarily to lower average invested balances coupled with lower interest rates on invested balances. Interest expense decreased 30% from $1,928 to $1,357 due to lower average interest rates on outstanding borrowings on the revolving bank credit facilities.

PROVISION FOR INCOME TAXES

The provision for income taxes was $54,208 or 34.5% of income before income taxes in fiscal 2009 compared with $59,139 or 36.0% of income before income taxes fiscal 2008. The decrease was primarily due to the renewal of the Research and Experimentation Credit ("R&E Credit"), during fiscal year 2009, retroactive to January 1, 2008. Renewal of this credit had a significant tax benefit in fiscal year 2009 since retroactive renewal required the recording of an additional six months of credit during fiscal year 2009 related to fiscal year 2008.

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations decreased slightly, moving from $105,287, or $1.17 per diluted share in fiscal 2008 to $103,102, or $1.22 per diluted share in fiscal 2009.

DISCONTINUED OPERATIONS

There was no gain or loss from discontinued operations for fiscal 2009. Loss on discontinued operations, net of taxes, was $1,065 for fiscal 2008. The loss included a loss on the sale of Banc Insurance Services, Inc. and Banc Insurance Agency, Inc. of $2,718, and a $1,457 loss on the operations of the two companies. The income tax benefit on the loss amount was $3,110.

BUSINESS SEGMENT DISCUSSION

Bank Systems and Services

	2010	% Change	2009	% Change	2008
Revenue	**$672,282**	9%	$617,711	+<1%	$616,390
Gross Profit	**$283,100**	14%	$247,812	-3%	$255,870
Gross Profit Margin	**42%**		40%		42%

In fiscal 2010, revenue increased 9% overall in the bank systems and services business segment compared to the prior year. Most of the increase is due to the acquisition of GFSI, which added $44,794 of revenue in the current year. In addition, EFT support experienced organic revenue growth of nearly 10% over the prior year and Data Center Maintenance had organic growth of 12% within the bank systems and services business segment. Gross profit margin increased from the prior year primarily due to cost control measures, particularly related to personnel costs, undertaken by management during fiscal 2010.

In fiscal 2009, revenue remained essentially even in the bank systems and services business segment compared to the prior year. Support and service revenue increased for most lines, particularly EFT support which experienced 9% revenue growth and in-house support which experienced 8% revenue growth. The growth in these components was offset by a 14% decrease in license revenue and a 15% decrease in hardware revenue. Gross profit margin decreased as the mix of revenue shifted away from license revenue (which carries the largest margins) toward support and service revenue. Hardware profit margins remained even compared to fiscal 2008.

Credit Union Systems and Services

	2010	% Change	2009	% Change	2008
Revenue	**$164,304**	28%	$127,882	+1%	$126,536

Gross Profit	**$62,020**	20%	$51,587	+<1%	$51,356
Gross Profit Margin	**38%**		40%		41%

In fiscal 2010, revenues in the credit union systems and services business segment increased 28% from fiscal 2009. Support and service revenue, which is the largest component of total revenues for the credit union segment, experienced strong growth in most revenue components. In particular, EFT Support experienced 163% revenue growth over the prior year due primarily to the acquisition of PTSI, which added revenue of $33,839 to current year revenue. Gross profit margins have decreased from the prior year as license revenue, which carries the largest margins, have decreased as a percentage of total revenue.

In fiscal 2009, revenues in the credit union systems and services business segment increased 1% from fiscal 2008. Support and service revenue, which is the largest component of total revenues for the credit union segment, experienced strong growth in all revenue components and 18 percent growth overall. In particular, EFT Support experienced 32% revenue growth over the prior year. The growth in Support and service revenue was offset by decreases in both license and hardware revenue. Gross profit in this business segment remained even in fiscal 2009 compared to fiscal 2008.

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 $125,518 at June 30, 2010 from $118,251 at June 30, 2009.

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

	Year ended June 30,		
	2010	2009	2008
Net income	$117,870	$ 103,102	$ 104,222
Non-cash expenses	92,317	74,397	70,420
Change in receivables	(1,539)	21,214	(2,913)
Change in deferred revenue	10,775	21,943	5,100
Change in other assets and liabilities	(725)	(14,068)	4,172
Net cash from operating activities	$218,698	$ 206,588	$ 181,001

Cash provided by operations increased $12,110 to $218,698 for the fiscal year ended June 30, 2010 as compared to $206,588 for the fiscal year ended June 30, 2009. This increase is primarily attributable to increase in net income.

Cash used in investing activities for the fiscal year ended June 2010 was $505,715 and includes a net cash outlay for acquisitions of $426,652, capital expenditures of $54,509, and capitalized software development of $25,586. During fiscal 2009, cash used in investing activities was $59,227 and included contingent consideration paid on prior years' acquisitions of $3,027. Capital expenditures for fiscal 2009 were $31,562 and cash used in the development of software was $24,684.

Net cash from financing activities for the current fiscal year was $294,284 and includes $303,160 net borrowing on our credit facilities, proceeds of $28,522 from the exercise of stock options and the sale of common stock (through the employee stock purchase plan) and $661 excess tax benefits from stock option exercises. Cash from financing activities was partially offset by the payment of dividends of $30,461 and debt acquisition costs of $7,598. During fiscal 2009, net cash used in financing activities for the current fiscal year was $94,675 and includes the repurchase of 3,106 shares of our common stock for $58,405, the payment of dividends of $26,903 and $13,489 net repayment on our revolving credit facilities. Cash used in financing activities was partially offset by proceeds of $3,773 from the exercise of stock options and the sale of common stock (through the employee stock purchase plan) and $349 excess tax benefits from stock option exercises.

At June 30, 2010, the Company had negative working capital of $53,883; however, the largest component of current liabilities was deferred revenue of $264,219, which primarily relates to our annual in-house maintenance agreements. The cash outlay necessary to provide the services related to these deferred revenues is significantly less than this recorded balance. In addition, we continue to have access to unused lines of credit in excess of $40,000 and continue to generate substantial cash inflows from operations. Therefore, we do not anticipate any liquidity problems arising from this condition.

US financial markets and many of the largest US financial institutions have been shaken by negative developments over the last two years in the mortgage markets and the general economy. While the effects of these events continue to impact our customers, we have not experienced any significant issues with our current collection efforts, and we believe that any future impact to our liquidity would be minimized by our access to available lines of credit.

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves of short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2010, there were 14,407 shares in treasury stock and the Company had the remaining authority to repurchase up to 5,584 additional shares. The total cost of treasury shares at June 30, 2010 is $309,585.

On August 23, 2010, the Company's Board of Directors declared a cash dividend of $0.095 per share on its common stock payable on September 22, 2010, to stockholders of record on September 7, 2010. Current funds from operations are adequate for this purpose. The Board has indicated that it plans to continue paying dividends as long as the Company's financial picture continues to be favorable.

The Company renewed an unsecured bank credit line on April 29, 2010 which provides for funding of up to $5,000 and bears interest at the prime rate less 1% (2.25% at June 30, 2010). The credit line was renewed through April 29, 2012. At June 30, 2010, $762 was outstanding.

The Company renewed a bank credit line on March 7, 2010 which provides for funding of up to $8,000 and bears interest at the Federal Reserve Board's prime rate (3.25% at June 30, 2010). The credit line expires March 7, 2011 and is secured by $1,000 of investments. At June 30, 2010, no amount was outstanding.

The Company has entered into a bank credit facility agreement that includes a revolving loan, a term loan and a bullet term loan. The revolving loan allows short-term borrowings of up to $150,000, which may be increased by the Company at any time until maturity to $250,000. The revolving loan terminates June 4, 2015. At June 30, 2010, the outstanding revolving loan balance was $120,000. The term loan has an original principal balance of $150,000, with quarterly principal payments of $5,625 beginning on September 30, 2011, and the remaining balance due June 4, 2015. The bullet term loan had an original principal balance of $100,000. The full balance, which would have been due on December 4, 2010, was paid in full on July 8, 2010 as set forth in Note 15 to the Consolidated Financial Statements (see Item 8). Each of the loans bear interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate or (c) LIBOR plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The outstanding balances bear interest at a weighted average rate of 2.99%. The loans are secured by pledges of capital stock of certain subsidiaries of the Company. The loans are 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, 2010, the Company was in compliance with all such covenants.

The Company has entered into various capital lease obligations for the use of certain computer equipment. Included in property and equipment are related assets of $8,872. At June 30, 2010, $5,689 was outstanding, of which $4,380 will be maturing in the next twelve months.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

At June 30, 2010 the Company's total off balance sheet contractual obligations were $36,935. This balance consists of $27,228 of long-term operating leases for various facilities and equipment which expire from 2011 to 2017 and the remaining $9,707 is for purchase commitments related to property and equipment, particularly for contractual obligations related to the on-going construction of new facilities. The table excludes $7,548 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, 2010	Less than 1 year	1-3 years	3-5 years	More than 5 years	TOTAL
Operating lease obligations	$ 8,765	$ 9,422	$ 5,851	$ 3,190	$ 27,228
Capital lease obligations	4,380	1,309	-	-	5,689
Notes payable, including accrued interest	102,493	46,210	225,213	-	373,916
Purchase obligations	9,707	-	-	-	9,707
Total	$125,345	$56,941	$231,064	$3,190	$416,540

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement on Financial Accounting Standards ("SFAS") No. 141(R), *"Business Combinations,"* ("SFAS 141(R)") which replaces SFAS No. 141 and has since been incorporated into the Accounting Standards Codification ("ASC") as ASC 805-10. ASC 805-10 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquired entity and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users of the financial statements to evaluate the nature and financial effects of the business combination. Relative to SFAS 141(R), the FASB issued FSP 141(R)-1 on April 1, 2009, which is now incorporated in ASC 805-20. ASC 80 5-20 eliminates the requirement under FAS 141(R) to record assets and liabilities at the acquisition date for noncontractual contingencies at fair value where it is deemed "more-likely-than-not" that an asset or liability would result. Under ASC 805-20, such assets and liabilities would only need to be recorded where the fair value can be determined during the measurement period or where it is probable that an asset or liability exists at the acquisition date and the amount of fair value can be reasonably determined. ASC 805-10 was effective for the Company on July 1, 2009. The adoption of ASC 805-10 did not have a material impact on the Company's financial statements.

In April 2008, the FASB issued FSP FAS 142-3, "*Determination of the Useful Life of Intangible Assets,"* which is now incorporated into ASC 350-30. This position amends ASC 350 regarding the factors that should be considered in developing the useful lives for intangible assets with renewal or extension provisions. ASC 350-30 requires an entity to consider its own historical experience in renewing or extending similar arrangements, regardless of whether those arrangements have explicit renewal or extension provisions, when determining the useful life of an intangible asset. In the absence of such experience, an entity shall consider the assumptions that market participants would use about renewal or extension, adjusted for entity-specific factors. ASC 350-30 also requires an entity to disclose information regarding the extent to which the expected future cash flows associated with an intangible ass et are affected by the entity's intent and/or ability to renew or extend the agreement. ASC 350-30 is effective for qualifying intangible assets acquired by the Company on or after July 1, 2009. The application of FSP142-3 did not have a material impact on the Company's financial statements upon adoption.

In June 2009, the FASB issued SFAS No. 168, "*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162,"* which is now incorporated as ASC 105-10 and establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). ASC 105-10 explicitly recognizes rules and interpretive releases of the SEC under federal securities laws as authoritative GAAP for SEC registrants. ASC 105-10 was effective for the Company as of the beginning of fiscal 2010, but it did not have a material impact on the Company's financial statements.

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

over time. Changes to the elements in a software arrangement or in our ability to identify VSOE for those elements could materially impact the amount of earned and unearned revenue reflected in the financial statements.

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

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

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

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

Hardware Revenue: Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. Some of our hardware revenues are derived under "arrangements" as defined within U.S. GAAP. To the extent hardware revenue is part of such an arrangement and is not deemed essential to the functionality of any of the other elements to the arrangement, it is recognized based on VSOE of fair value at the time of delivery. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Depreciation and Amortization Expense

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

Capitalization of software development costs

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

Estimates used to determine current and deferred income taxes

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax

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

Assumptions related to purchase accounting and goodwill

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

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

FORWARD LOOKING STATEMENTS

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

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Based on our outstanding debt with variable interest rates as of June 30, 2010, a 1% increase in our borrowing rate would increase annual interest expense in fiscal 2011 by less than $3,000.

Item 8. Financial Statements and Supplementary Data

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Financial Statement Schedules

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Jack Henry & Associates, Inc. and subsidiaries (the “Company”) as of June 30, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2010. 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 at June 30, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2010, 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, 2010, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our

report dated August 27, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2010

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

As of the end of the Company's 2010 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined the Company's internal control over financial reporting as of June 30, 2010 was effective.

Management's annual report on internal control over financial reporting excluded iPay Technologies Holding Company, LLC, acquired on June 4, 2010. This acquisition is a wholly-owned subsidiary with total assets representing 21% of consolidated total assets and both revenue and net income representing less than 1% of consolidated revenue and net income, respectively as of and for the year ended June 30, 2010. If adequately disclosed, companies are allowed to exclude acquisitions made near the fiscal year end from their assessment of internal control over financial reporting while integrating the acquired company under guidelines established by the US Securities and Exchange Commission.

The Company's internal control over financial reporting as of June 30, 2010 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 the internal control over financial reporting of Jack Henry & Associates, Inc. and subsidiaries (the "Company") as of June 30, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at iPay Technologies Holding Company, LLC, which was acquired on June 4, 2010 and whose financial statements constitute 21% of consolidated total assets and both revenue and net income constitute less than 1% of consolidated revenues and net income, respectively as of and for the year ended June 30, 2010. Accordingly, our audit did not include the internal control over financial reporting at iPay Te chnologies Holding Company, LLC. 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 w ith generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2010, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee on Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended June 30, 2010 of the Company and our report dated August 27, 2010 expressed an unqualified opinion on those financial statements.

DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2010

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

	YEAR ENDED JUNE 30,		
	2010	2009	2008
REVENUE			
License	**$ 52,225**	$ 58,434	$ 73,553
Support and service	**720,504**	614,242	580,334
Hardware	**63,857**	72,917	89,039
Total	**836,586**	745,593	742,926
COST OF SALES			
Cost of license	**5,827**	6,885	6,698
Cost of support and service	**438,476**	385,837	364,140
Cost of hardware	**47,163**	53,472	64,862
Total	**491,466**	446,194	435,700
GROSS PROFIT	**345,120**	299,399	307,226
OPERATING EXPENSES			
Selling and marketing	**60,875**	54,931	55,916
Research and development	**50,820**	42,901	43,326
General and administrative	**51,172**	43,681	43,775
Total	**162,867**	141,513	143,017
OPERATING INCOME	**182,253**	157,886	164,209
INTEREST INCOME (EXPENSE)			
Interest income	**161**	781	2,145
Interest expense	**(1,618)**	(1,357)	(1,928)
Total	**(1,457)**	(576)	217
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**180,796**	157,310	164,426
PROVISION FOR INCOME TAXES	**62,926**	54,208	59,139

INCOME FROM CONTINUING OPERATIONS	**117,870**	103,102	105,287
DISCONTINUED OPERATIONS (Note 12)			
Loss from operations of discontinued component (including loss on disposal of $2,718 in 2008)	**-**	-	(4,175)
Income tax benefit	**-**	-	3,110
Loss on discontinued operations	**-**	-	(1,065)
NET INCOME	**$ 117,870**	$ 103,102	$ 104,222
Continuing operations	**$ 1.38**	$ 1.22	$ 1.17
Discontinued operations	**-**	-	(0.01)
Diluted net income per share	**$ 1.38**	$ 1.22	$ 1.16
Diluted weighted average shares outstanding	**85,381**	84,830	89,702
Continuing operations	**$ 1.39**	$ 1.23	$ 1.19
Discontinued operations	**-**	-	(0.01)
Basic net income per share	**$ 1.39**	$ 1.23	$ 1.18
Basic weighted average shares outstanding	**84,558**	84,118	88,270

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,	
	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 125,518**	$ 118,251
Investments, at amortized cost	**1,000**	1,000
Receivables	**208,450**	192,733
Income tax receivable	**6,940**	2,692
Prepaid expenses and other	**31,762**	24,371
Prepaid cost of product	**19,432**	19,717
Deferred income taxes	**-**	882
Total current assets	**393,102**	359,646
PROPERTY AND EQUIPMENT, net	**274,670**	237,778
OTHER ASSETS:		
Prepaid cost of product	**11,093**	6,793
Computer software, net of amortization	**115,647**	82,679
Other non-current assets	**25,385**	11,955
Customer relationships, net of amortization	**196,328**	55,450
Trade names	**10,815**	3,999
Goodwill	**537,106**	292,400
Total other assets	**896,374**	453,276
Total assets	**$ 1,564,146**	$ 1,050,700
LIABILITES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	**$ 13,500**	$ 8,206
Accrued expenses	**46,187**	34,018
Deferred income taxes	**13,265**	-
Accrued income taxes	**3,851**	1,165
Note payable and current maturities of long term debt	**105,963**	63,461
Deferred revenues	**264,219**	237,557
Total current liabilities	**446,985**	344,407
LONG TERM LIABILITIES:		
Deferred revenues	**11,398**	7,981
Deferred income taxes	**74,589**	65,066
Long-term debt, net of current maturities	**272,732**	-
Other long-term liabilities	**8,070**	6,740

Total long term liabilities	**366,789**	79,787
Total liabilities	**813,774**	424,194
STOCKHOLDERS' EQUITY		
Preferred stock - $1 par value; 500,000 shares authorized, none issued	**-**	-
Common stock - $0.01 par value: 250,000,000 shares authorized;		
Shares issued at 06/30/10 were 99,808,367		
Shares issued at 06/30/09 were 98,020,796	**998**	980
Additional paid-in capital	**334,817**	298,378
Retained earnings	**724,142**	636,733
Less treasury stock at cost		
14,406,635 shares at 06/30/10 and at 06/30/09	**(309,585)**	(309,585)
Total stockholders' equity	**750,372**	626,506
Total liabilities and stockholders' equity	**$ 1,564,146**	$ 1,050,700

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,		
	2010	2009	2008
PREFERRED SHARES:	-	-	-
COMMON SHARES:			
Shares, beginning of year	**98,020,796**	97,702,098	96,203,030
Shares issued for equity-based payment arrangements	**1,689,457**	196,727	1,443,071
Shares issued for Employee Stock Purchase Plan	**98,114**	121,971	55,997
Shares, end of year	**99,808,367**	98,020,796	97,702,098
COMMON STOCK - PAR VALUE $0.01 PER SHARE:			
Balance, beginning of year	**$ 980**	$ 977	$ 962
Shares issued for equity-based payment arrangements	**17**	2	14
Shares issued for Employee Stock Purchase Plan	**1**	1	1
Balance, end of year	**$ 998**	$ 980	$ 977
ADDITIONAL PAID-IN CAPITAL:			
Balance, beginning of year	**$ 298,378**	$ 291,120	$ 262,742
Shares issued upon exercise of stock options	**26,569**	1,882	19,151
Shares issued for Employee Stock Purchase Plan	**1,953**	1,888	1,228
Tax benefits from share-based compensation	**4,666**	1,216	6,555
Stock-based compensation expense	**3,251**	2,272	1,444
Balance, end of year	**$ 334,817**	$ 298,378	$ 291,120
RETAINED EARNINGS:			
Balance, beginning of year	**$ 636,733**	$ 560,534	$ 484,845
Net income	**117,870**	103,102	104,222
FASB Interpretation No. 48 transition amount	**-**	-	(3,850)
Dividends (2010-$0.36 per share;			
2009- $0.32 per share; 2008-$0.28 per share)	**(30,461)**	(26,903)	(24,683)
Balance, end of year	**$ 724,142**	$ 636,733	$ 560,534
TREASURY STOCK:			
Balance, beginning of year	**$ (309,585)**	$ (251,180)	$ (150,184)
Purchase of treasury shares	**-**	(58,405)	(100,996)
Balance, end of year	**$ (309,585)**	$ (309,585)	$ (251,180)
TOTAL STOCKHOLDERS' EQUITY	**$ 750,372**	$ 626,506	$ 601,451

See notes to consolidated financial statements.

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

	YEAR ENDED JUNE 30,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			

Net Income	**$ 117,870**	$ 103,102	$ 104,222
Adjustments to reconcile net income from operations to cash from operating activities:			
Depreciation	**36,589**	38,859	40,195
Amortization	**34,919**	25,288	21,811
Deferred income taxes	**16,694**	7,047	5,320
Expense for stock-based compensation	**3,251**	2,272	1,444
Loss on assets (including 6/30/08 loss on discontinued operations)	**866**	938	1,683
Other, net	**(2)**	(7)	(33)
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	**(1,539)**	21,214	(2,913)
Prepaid expenses, prepaid cost of product, and other	**(6,458)**	1,969	9,670
Accounts payable	**630**	1,260	(4,951)
Accrued expenses	**741**	(2,430)	541
Income taxes	**4,362**	(14,867)	(1,088)
Deferred revenues	**10,775**	21,943	5,100
Net cash from operating activities	**218,698**	206,588	181,001
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for acquisitions, net of cash acquired	**(426,653)**	(3,027)	(49,324)
Capital expenditures	**(54,509)**	(31,562)	(31,105)
Purchase of investments	**(3,999)**	(2,996)	(1,975)
Proceeds from sale of assets	**1,032**	42	2,098
Proceeds from investments	**4,000**	3,000	2,000
Computer software developed	**(25,586)**	(24,684)	(23,736)
Other, net	**-**	-	(106)
Net cash from investing activities	**(505,715)**	(59,227)	(102,148)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock upon exercise of stock options	**31,204**	2,720	19,165
Minimum tax withholding payments related to option exercises	**(4,635)**	(836)	-
Proceeds from sale of common stock, net	**1,953**	1,889	1,229
Borrowings on credit facilities	**448,647**	76,692	145,097
Repayments on credit facilities	**(145,487)**	(90,181)	(145,526)
Debt acquisition costs	**(7,598)**	-	-
Excess tax benefits from stock-based compensation	**661**	349	3,809
Purchase of treasury stock	**-**	(58,405)	(100,996)
Dividends paid	**(30,461)**	(26,903)	(24,683)
Net cash from financing activities	**294,284**	(94,675)	(101,905)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 7,267**	$ 52,686	$ (23,052)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**$ 118,251**	$ 65,565	$ 88,617
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 125,518**	$ 118,251	$ 65,565

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)

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

DESCRIPTION OF THE COMPANY

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

CONSOLIDATION

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

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

License Fee Revenue: For software license agreements that do not require significant modification or customization of the software, the Company recognizes software license revenue when persuasive evidence of an arrangement exists, delivery of the product has occurred, the license fee is fixed and determinable and collection is probable. The Company's software license agreements generally include multiple products and services or "elements." None of these elements are deemed to be essential to the functionality of the other elements. 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. Fair value is determined for license fees based upon the price charged when sold separately or, if the product is not yet sold separately, the pri ce determined by management with relevant authority. When we determine that VSOE does not exist for one or more of the delivered elements of a software arrangement, but does exist for all of the undelivered elements, revenue is recognized using the residual method. Under the residual method, a residual amount of the total arrangement fee is recognized as revenue for the delivered elements after the established fair value of all undelivered elements has been deducted.

Arrangements with customers that include significant customization, modification, or production of software are accounted for under contract accounting, with the revenue being recognized using the percentage-of-completion method.

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

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

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

Hardware Revenue: Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. Some of our hardware revenues are derived under "arrangements" as defined within U.S. GAAP. To the extent hardware revenue is part of such an arrangement and is not deemed essential to the functionality of any of the other elements to the arrangement, it is recognized based on VSOE of fair value at the time of delivery. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

PREPAID COST OF PRODUCT

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

DEFERRED REVENUES

Deferred revenues consist primarily of prepaid annual software support fees and prepaid hardware maintenance fees. Hardware maintenance contracts are multi-year; therefore, the

deferred revenue and maintenance are classified in accordance with the terms of the contract. Software and hardware deposits received are also reflected as deferred revenues.

COMPUTER SOFTWARE DEVELOPMENT

The Company capitalizes new product development costs incurred from the point at which technological feasibility has been established through the point at which the product is ready for general availability. Software development costs that are capitalized are evaluated on a product-by-product basis annually and are assigned an estimated economic life based on the type of product, market characteristics, and maturity of the market for that particular product. The Company's amortization policy for these capitalized costs is to amortize the costs in accordance with U.S. GAAP. Generally, these costs are amortized based on current and estimated future revenue from the product or on a straight-line basis, whichever yields greater amortization expense.

CASH EQUIVALENTS

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

INVESTMENTS

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

The amortized cost of held-to-maturity securities is $1,000 at both June 30, 2010 and 2009. Fair values of these securities did not differ significantly from amortized cost due to the nature of the securities and minor interest rate fluctuations during the periods.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

COMPREHENSIVE INCOME

Comprehensive income for each of the years ended June 30, 2010, 2009, and 2008 equals the Company's net income.

BUSINESS SEGMENT INFORMATION

In accordance with generally accepted accounting principles, the Company's operations are classified as two business segments: bank systems and services and credit union systems and services (see Note 14). Revenue by type of product and service is presented on the face of the consolidated statements of income. Substantially all the Company's revenues are derived from operations and assets located within the United States of America.

COMMON STOCK

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves of short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2009, there were 14,407 shares in treasury stock and the Company had the remaining authority to repurchase up to 5,584 additional shares. During fiscal 2009, the Company repurchased 3,106 treasury shares for $58,405. The total cost of treasury shares at June 30, 2010 is $309,585. At June 30, 2010, there were 14,407 shares in treasury stock and the Company had the authority to repurchase up to 5,584 additional shares. There were no repurchases of treasury stock in 2010.

INCOME PER SHARE

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

INCOME TAXES

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

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

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement on Financial Accounting Standards ("SFAS") No. 141(R), *"Business Combinations,"* ("SFAS 141(R)") which replaces SFAS No. 141 and has since been incorporated into the Accounting Standards Codification ("ASC") as ASC 805-10. ASC 805-10 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquired entity and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users of the financial statements to evaluate the nature and financial effects of the business combination. Relative to SFAS 141(R), the FASB issued FSP 141(R)-1 on April 1, 2009, which is now incorporated in ASC 805-20. ASC 80 5-20 eliminates the requirement under FAS 141(R) to record assets and liabilities at the acquisition date for noncontractual contingencies at fair value where it is deemed "more-likely-than-not" that an asset or liability would result. Under ASC 805-20, such assets and liabilities would only need to be recorded where the fair value can be determined during the measurement period or where it is probable that an asset or liability exists at the acquisition date and the amount of fair value can be reasonably determined. ASC 805-10 was effective for the Company on July 1, 2009. The adoption of ASC 805-10 did not have a material impact on the Company's financial statements.

In April 2008, the FASB issued FSP FAS 142-3, "*Determination of the Useful Life of Intangible Assets,"* which is now incorporated into ASC 350-30. This position amends ASC 350 regarding the factors that should be considered in developing the useful lives for intangible assets with renewal or extension provisions. ASC 350-30 requires an entity to consider its own historical experience in renewing or extending similar arrangements, regardless of whether those arrangements have explicit renewal or extension provisions, when determining the useful life of an intangible asset. In the absence of such experience, an entity shall consider the assumptions that market participants would use about renewal or extension, adjusted for entity-specific factors. ASC 350-30 also requires an entity to disclose information regarding the extent to which the expected future cash flows associated with an intangible ass et are affected by the entity's intent and/or ability to renew or extend the agreement. ASC 350-30 is effective for qualifying intangible assets acquired by the Company on or after July 1, 2009. The application of FSP142-3 did not have a material impact on the Company's financial statements upon adoption.

In June 2009, the FASB issued SFAS No. 168, "*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162,"* which is now incorporated as ASC 105-10 and establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). ASC 105-10 explicitly recognizes rules and interpretive releases of the SEC under federal securities laws as authoritative GAAP for SEC registrants. ASC 105-10 was effective for the Company as of the beginning of fiscal 2010, but it did not have a material impact on the Company's financial statements.

NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values for held-to-maturity securities are based on quoted market prices. 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. The fair value of

long term debt also approximates carrying value as estimated using discounting cash flows based on the Company's current incremental borrowing rates or quoted prices in active markets.

NOTE 3: PROPERTY AND EQUIPMENT

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

	June 30, 2010	June 30, 2009	Estimated Useful Life
Land	**$ 24,911**	$ 24,411	
Land improvements	**19,838**	19,845	5-20 years
Buildings	**103,744**	99,400	25-30 years
Leasehold improvements	**21,012**	21,946	5-10 years [1]
Equipment and furniture	**211,698**	194,149	5-8 years
Aircraft and equipment	**40,192**	40,060	6-10 years
Construction in progress	**53,596**	16,694	
	474,991	416,505	
Less accumulated depreciation	**200,321**	178,727	
Property and equipment, net	**$ 274,670**	$ 237,778	

[1] Lesser of lease term or estimated useful life

The Company had material commitments to purchase property and equipment related to the construction of new facilities, totaling $4,153 and $24,382 at June 30, 2010 and 2009, respectively. Property and equipment included $723 and $273 that was in accrued liabilities at June 30, 2010 and 2009, respectively. Also, the Company acquired $8,896 and $6,748 of computer equipment through a capital lease for the years ended June 30, 2010 and 2009, respectively. These amounts were excluded from capital expenditures on the statement of cash flows.

NOTE 4: OTHER ASSETS

Changes in the carrying amount of goodwill for the years ended June 30, 2010 and 2009, by reportable segments, are:

	Banking Systems and Services	Credit Union Systems and Services	Total
Balance, as of July 1, 2008	$ 264,575	$ 24,798	$ 289,373
Goodwill acquired during the year	3,027	-	3,027
Balance, as of June 30, 2009	267,602	24,798	292,400
Goodwill acquired during the year	138,319	106,387	244,706
Balance, as of June 30, 2010	**$ 405,921**	**$ 131,185**	**$ 537,106**

The Banking Systems and Services segment additions for fiscal 2010 relate primarily to the acquisitions of iPay and GFSI. The Credit Union Systems and Services segment additions for fiscal 2010 relate to the acquisitions of iPay and PTSI. The additions for fiscal 2009 relate primarily to the ultimate resolution of contingent consideration amounts for the acquisitions of RPM Intelligence, LLC, and AudioTel Corporation. See Note 13-Business Acquisitions for further details.

Information regarding other identifiable intangible assets is as follows:

	June 30, 2010			June 30, 2009		
	Carrying Amount	**Accumulated Amortization**	**Net**	Carrying Amount	Accumulated Amortization	Net
Customer relationships	**$ 279,273**	**$ (82,945)**	**$ 196,328**	$ 126,244	$ (70,794)	$ 55,450
Trade names	**10,834**	**(19)**	**10,815**	3,999	-	3,999
Totals	**$ 290,107**	**$ (82,964)**	**$ 207,143**	$ 130,243	$ (70,794)	$ 59,449

Most of our trade name assets have been determined to have indefinite lives and are not amortized. Customer relationships have lives ranging from five to 20 years.

Computer software includes the unamortized cost of software products developed or acquired by the Company, which are capitalized and amortized over useful lives ranging from five to ten years.

Following is an analysis of the computer software capitalized:

	Carrying Amount	Accumulated Amortization	Total
Balance, July 1, 2008	$ 104,632	$ (29,689)	$ 74,943
Acquired software	-	-	-
Capitalized development cost	24,684	-	24,684
Disposals	(45)	17	(28)
Amortization expense	-	(16,920)	(16,920)
Balance, June 30, 2009	129,271	(46,592)	82,679
Acquired software	**30,801**	**(4,870)**	**25,931**
Capitalized development cost	**25,586**	**-**	**25,586**
Disposals	**(783)**	**16**	**(767)**
Amortization expense	-	**(17,782)**	**(17,782)**
Balance, June 30, 2010	**$ 184,875**	**$ (69,228)**	**$ 115,647**

Amortization expense for all intangible assets was $34,919, $25,288, and $21,811 for the fiscal years ended June 30, 2010, 2009, and 2008, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2010, is as follows:

Year	Customer Relationships	Software	Total
2011	12,326	19,616	31,942
2012	11,299	15,428	26,727
2013	9,935	9,430	19,365
2014	9,935	5,456	15,391
2015	9,180	3,097	12,277

NOTE 5: DEBT

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

	June 30,	
	2010	2009
LONG TERM DEBT		
Long term revolving credit facility	**$ 120,000**	$ -
Term loan	**150,000**	-
Capital leases	**5,689**	-
Other borrowings	**2,244**	-
	277,933	-
Less current maturities	**5,201**	-
Long-term debt, net of current maturities	**$ 272,732**	$ -
SHORT TERM DEBT		
Short term revolving credit facility	**$ -**	$ 60,000
Bullet term loan	**100,000**	-
Current maturities of long-term debt	**5,201**	-
Other borrowings	**762**	3,461
	$ 105,963	$ 63,461

The following table summarizes the annual principal payments required as of June 30, 2010:

Years ended June 30,	
2011	**$ 105,963**
2012	**24,499**
2013	**23,020**
2014	**22,696**
2015	**202,517**
Thereafter	**-**
	$ 378,695

The Company has entered into a bank credit facility agreement that includes a revolving loan, a term loan and a bullet term loan.

Revolving credit facilities

The long term revolving loan allows for borrowings of up to $150,000, which may be increased by the Company at any time until maturity to $250,000. The revolving loan terminates June 4, 2015. At June 30, 2010, the outstanding revolving loan balance was $120,000.

Term loan

The term loan has an original principal balance of $150,000, with quarterly principal payments of $5,625 beginning on September 30, 2011, and the remaining balance due June 4, 2015.

Bullet term loan

The bullet term loan had an original principal balance of $100,000. The full balance, which would have been due on December 4, 2010, was paid in full on July 8, 2010 as set forth in Note 15.

Each of the above loans bear interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate or (c) LIBOR plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The outstanding balances bear interest at a weighted average rate of 2.99%. The loans are secured by pledges of capital stock of certain subsidiaries of the Company. The loans are 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, 2010, the Company was in compliance with all such covenants.

Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Included in property and equipment are related assets of $8,872. At June 30, 2010, $5,689 was outstanding, of which $4,380 will be maturing in the next twelve months.

Other lines of credit

The Company renewed an unsecured bank credit line on April 29, 2010 which provides for funding of up to $5,000 and bears interest at the prime rate less 1% (2.25% at June 30, 2010). The credit line was renewed through April 29, 2012. At June 30, 2010, $762 was outstanding.

The Company renewed a bank credit line on March 7, 2010 which provides for funding of up to $8,000 and bears interest at the Federal Reserve Board’s prime rate (3.25% at June 30, 2010). The credit line expires March 7, 2011 and is secured by $1,000 of investments. At June 30, 2010, no amount was outstanding.

Interest

The Company paid interest of $759, $1,606, and $2,521 in 2010, 2009, and 2008 respectively. During fiscal 2010, the Company incurred a total of $1,625 of interest, $7 of which was capitalized.

NOTE 6: LEASE COMMITMENTS

The Company leases certain property under operating leases which expire over the next 8 years, but certain of the leases contain options to extend the lease term. All lease payments are based on the lapse of time but include, in some cases, payments for operating expenses and property taxes. There are no purchase options on real estate leases at this time, but most real estate leases have one or more renewal options. Certain leases on real estate are subject to annual escalations for increases in operating expenses and property taxes.

As of June 30, 2010, net future minimum lease payments are as follows:

Years Ending June 30,	Lease Payments
2011	$ 8,765
2012	5,362
2013	4,060
2014	3,286
2015	2,565
Thereafter	3,190
Total	$ 27,228

Rent expense was $9,733, $8,314, and $7,895 in 2010, 2009, and 2008, respectively.

NOTE 7: INCOME TAXES

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

	Year ended June 30,		
	2010	2009	2008
Current:			
Federal	**$ 39,994**	$ 39,616	$ 48,472
State	**6,238**	7,527	5,347
Deferred:			
Federal	**14,327**	7,345	4,972
State	**2,367**	(280)	348
	$ 62,926	$ 54,208	$ 59,139

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

	June 30,	
	2010	2009
Deferred tax assets:		
Deferred revenue	**$ 1,198**	$ 577
Expense reserves (bad debts, insurance, franchise tax and vacation)	**6,591**	1,834
Net operating loss carryforwards	**12,222**	401
Other, net	**514**	2,273
	20,525	5,085
Deferred tax liabilities:		
Accelerated tax depreciation	**(17,425)**	(20,579)
Accelerated tax amortization	**(74,341)**	(47,995)
Other, net	**(16,307)**	(418)
	(108,073)	(68,992)
Net deferred tax liability before valuation allowance	**(87,548)**	(63,907)
Valuation allowance	**(306)**	(277)
Net deferred tax liability	**$(87,854)**	$ (64,184)

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

	June 30,	
	2010	2009
Deferred income taxes (current)	**$(13,265)**	$ 882
Deferred income taxes (long-term)	**(74,589)**	(65,066)
	$(87,854)	$(64,184)

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

	Year Ended June 30,		
	2010	2009	2008
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	**2.5%**	2.7%	2.3%
Research and development credit	**-0.7%**	-3.0%	-1.0%
Permanent book/tax differences	**-0.9%**	-0.4%	-0.3%
Section 199 - prior year benefits	**-1.8%**	0.0%	0.0%
Deferred tax adjustments	**0.7%**	0.0%	0.0%
Valuation Allowance	**0.0%**	0.2%	0.0%
	34.8%	34.5%	36.0%

The effective income tax rate for fiscal 2010 increased from fiscal 2009 due primarily to the expiration of the Research and Experimentation Credit (“R&E Credit”), effective January 1, 2010, as well as increases in the rate at which deferred tax liabilities are expected to reverse in

future years. These increases were mostly offset by additional benefits received through an extensive analysis of the Domestic Production Activities Deduction (IRC Section 199).

As a result of the acquisition of GFSI, we recorded a net deferred tax asset of $1,776. A net deferred tax liability of $8,043 was recorded upon the acquisition of iPay.

As part of the acquisition of GFSI, we acquired gross net operating loss ("NOL") carryforwards of $64,431; of which, only $34,592 are expected to be utilized due to the application of IRC Section 382. Separately, as of June 30, 2010, we had state NOL carryforwards of $838. These losses have varying expiration dates, ranging from 2012 to 2029. Based on state tax rules which restrict our usage of these losses, we believe it is more likely than not that $306 of these losses will expire unutilized. Accordingly, a valuation allowance of $306 has been recorded against these assets as of June 30, 2010.

The Company paid income taxes of $42,116, $62,965, and $51,709 in 2010, 2009, and 2008, respectively.

At June 30, 2009, the Company had $5,518 of unrecognized tax benefits. At June 30, 2010, the Company had $7,187 of unrecognized tax benefits, of which, $4,989, if recognized, would affect our effective tax rate. We had accrued interest and penalties of $890 and $732 related to uncertain tax positions at June 30, 2010 and 2009, respectively.

A reconciliation of the unrecognized tax benefits for the years ended June 30, 2010 and 2009 follows:

	Unrecognized Tax Benefits
Balance at July 1, 2008	$ 4,055
Additions for current year tax positions	1,044
Additions for prior year tax positions	2,052
Reductions for prior year tax positions	(110)
Settlements	(936)
Reductions related to expirations of statute of limitations	(587)
Balance at June 30, 2009	5,518
Additions for current year tax positions	**691**
Reductions for current year tax positions	**(39)**
Additions for prior year tax positions	**2,049**
Reductions for prior year tax positions	**(298)**
Settlements	**-**
Reductions related to expirations of statute of limitations	**(734)**
Balance at June 30, 2010	**$ 7,187**

During the fiscal year ended June 30, 2010, the Internal Revenue Service commenced an examination of the Company's U.S. federal income tax returns for fiscal years ended June 2008 through 2009. The U.S. federal and state income tax returns for June 30, 2007 and all subsequent years still remain subject to examination as of June 30, 2010 under statute of limitations rules. We anticipate potential changes resulting from the expiration of statutes of limitations of up to $965 could reduce the unrecognized tax benefits balance within twelve months of June 30, 2010.

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, 2010, 2009 and 2008) are maintained for potential credit losses.

In addition, the Company purchases most of its computer hardware and related maintenance for resale in relation to installation of JHA software systems from two suppliers. There are a limited number of hardware suppliers for these required items. If these relationships were terminated, it could have a significant negative impact on the future operations of the Company.

NOTE 9: STOCK BASED COMPENSATION PLANS

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

1996 SOP

The 1996 SOP was adopted by the Company on October 29, 1996, for its employees. Terms and vesting periods of the options were determined by the Compensation Committee of the

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

2005 NSOP

The NSOP was adopted by the Company on September 23, 2005, for its outside directors. Generally, options are exercisable beginning six months after grant at an exercise price equal to 100% of the fair market value of the stock at the grant date. For individuals who have served less than four continuous years, 25% of all options will vest after one year of service, 50% shall vest after two years, and 75% shall vest after three years of service on the Board. The options terminate upon surrender of the option, upon the expiration of one year following notification of a deceased optionee, or 10 years after grant. 700 shares of common stock have been reserved for issuance under this plan with a maximum of 100 for each director. As of June 30, 2010, there were 480 shares available for future grants under the plan.

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

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding July 1, 2007	5,389	$16.24	
Granted	50	28.52	
Forfeited	(8)	24.64	
Exercised	(1,454)	13.38	
Outstanding June 30, 2008	3,977	17.42	
Granted	50	17.45	
Forfeited	(19)	20.77	
Exercised	(248)	12.28	
Outstanding June 30, 2009	3,760	17.75	
Granted	**50**	**23.65**	
Forfeited	**(71)**	**26.64**	
Exercised	**(1,842)**	**16.70**	
Outstanding June 30, 2010	**1,897**	**$18.58**	**$11,712**
Vested and Expected to Vest June 30, 2010	**1,897**	**$18.58**	**$11,712**
Exercisable June 30, 2010	**1,882**	**$18.55**	**$11,678**

The weighted-average fair value of options granted during fiscal 2010, fiscal 2009, and fiscal 2008 was $8.90, $7.87, and $11.83, respectively. The only options granted during fiscal years 2010, 2009 and 2008 were to non-employee members of the Company's board of directors. The assumptions used in estimating fair value and resulting compensation expenses are as follows:

	Year Ended June 30,		
	2010	2009	2008
Weighted Average Assumptions:			
Expected life (years)	**6.67**	3.72	7.41
Volatility	**33%**	30%	28%
Risk free interest rate	**3.0%**	1.4%	4.1%
Dividend yield	**1.52%**	1.72%	0.98%

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

Our pre-tax operating income for the years ended June 30, 2010, 2009 and 2008 includes $3,251, $2,272 and $1,444 of stock-based compensation costs, respectively. The total cost for the years ended June 30, 2010, 2009 and 2008 includes $2,347, $1,620, and $871 relating to the restricted stock plan, respectively.

As of June 30, 2010, there was $42 of total unrecognized compensation costs related to stock options that have not yet vested. These costs are expected to be recognized over a weighted average period of 0.51 years. The weighted average remaining contractual term on options currently exercisable as of June 30, 2010 was 2.75 years.

Following is an analysis of stock options outstanding and exercisable as of June 30, 2010:

Range of Exercise Prices	Shares		Weighted-Average Remaining Contractual Life in Years	Weighted-Average Exercise Price	
	Outstanding	Exercisable	Outstanding	Outstanding	Exercisable
$10.84 - $11.50	698	698	2.78	$ 10.84	$ 10.84
$11.51 - $18.55	202	197	5.02	17.05	17.04
$18.56 - $21.52	195	195	2.82	19.76	19.76
$21.53 - $22.86	190	190	2.34	21.87	21.87
$22.87 - $25.71	210	205	3.23	24.39	24.41
$25.72 - $27.14	5	5	1.15	25.72	25.72
$27.15 - $27.22	250	250	0.97	27.15	27.15
$27.23 - $29.61	134	129	3.16	28.46	28.45
$29.62 - $29.99	10	10	0.43	29.63	29.63
$30.00 - $30.00	3	3	0.93	30.00	30.00
$10.84 - $30.00	1,897	1,882	2.80	$ 18.58	$ 18.55

& nbsp;

The income tax benefits from stock option exercises totaled $4,666 for the year ended June 30, 2010.

The total intrinsic value of options exercised was $12,694, $1,999 and $18,010 for the fiscal years ended June 30, 2010, 2009 and 2008, respectively.

RESTRICTED STOCK PLAN

The Restricted Stock Plan was adopted by the Company on November 1, 2005, for its employees. Up to 3,000 shares of common stock are available for issuance under the plan. Upon issuance, shares of restricted stock are subject to forfeiture and to restrictions which limit the sale or transfer of the shares during the restriction period. The restrictions will be lifted over periods ranging from three to seven years from grant date. On certain awards, the restrictions may be lifted sooner if certain targets for shareholder return are met.

The following table summarizes non-vested share awards as of June 30, 2010, as well as activity for the year then ended:

	Shares	Weighted Average Grant Date Fair Value
Non-vested shares at July 1, 2008	130	$ 24.87
Granted	146	19.04
Vested	(9)	25.60
Forfeited	-	-
Non-vested shares at June 30, 2009	267	21.66
Granted	**139**	**22.59**
Vested	**(19)**	**22.36**
Forfeited	**-**	**-**
Non-vested shares at June 30, 2010	**387**	**$ 21.96**

The non-vested shares 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, 2010, there was $4,339 of compensation expense that has yet to be recognized related to non-vested restricted stock share awards, which will be recognized over a weighted-average period of 2.09 years.

NOTE 10: EARNINGS PER SHARE

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

	Year Ended June 30,		
	2010	2009	2008
Income from continuing operations	**$117,870**	$103,102	$105,287
Discontinued Operations	**-**	-	(1,065)

Net Income	**$117,870**	$103,102	$104,222
Common share information:			
Weighted average shares outstanding for basic EPS	**84,558**	84,118	88,270
Dilutive effect of stock options	**823**	712	1,432
Shares for diluted EPS	**85,381**	84,830	89,702
Basic Earnings per Share:			
Income from continuing operations	**$ 1.39**	$ 1.23	$ 1.19
Discontinued operations	**-**	-	(0.01)
Basic Earnings per Share	**$ 1.39**	$ 1.23	$ 1.18
Diluted Earnings per Share:			
Income from continuing operations	**$ 1.38**	$ 1.22	$ 1.17
Discontinued operations	**-**	-	(0.01)
Diluted Earnings per Share	**$ 1.38**	$ 1.22	$ 1.16

Stock options to purchase approximately 602 shares for fiscal 2010, 1,267 shares for fiscal 2009, and 536 shares for fiscal 2008, were not dilutive and therefore, were not included in the computations of diluted income per common share amounts.

NOTE 11: EMPLOYEE BENEFIT PLANS

The Company established an employee stock purchase plan in 2006. The plan originally allowed the majority of employees the opportunity to directly purchase shares of the Company at a 5% discount. On October 30, 2007, the shareholders approved an amendment to the plan that increased the discount to 15% beginning January 1, 2008. With this amendment, the plan no longer met the criteria as a non-compensatory plan. As a result, beginning January 1, 2008, the Company began recording the total dollar value of the stock discount given to employees under the plan as expense. Total expense recorded by the Company under the plan for the year ended June 30, 2010 and 2009 was $345 and $333, 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. 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 $9,369, $8,341, and $7,937 for fiscal 2010, 2009, and 2008, respectively.

NOTE 12: DISCONTINUED OPERATIONS

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

In accordance with the provisions of GAAP, the results of operations of this business for the current and prior periods have been reported as discontinued operations. The divesture of this business was made as a result of poorer than expected operating results.

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

Year Ended June 30, 2008		
Revenue	$ 1,680	
Loss before income taxes	(1,457)	
Income tax benefit	536	
Net loss from discontinued operations	(921)	
Less loss on disposal, net of income taxes	(144)	
Loss on discontinued operations	$ (1,065)	

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

NOTE 13: BUSINESS ACQUISITIONS

Fiscal 2010 Acquisitions:

Goldleaf Financial Solutions, Inc.

On October 1, 2009, the Company acquired all of the issued and outstanding shares of GFSI, a provider of integrated technology and payment processing solutions to financial institutions of all sizes. According to the terms of the merger agreement, each share of GFSI stock issued and outstanding was converted into the right to receive $0.98 in cash, for a total cash outlay of $19,085. The acquisition of GFSI is expected to broaden the Company's market presence, strengthen our competitive position by diversifying our product and service offerings and provide significant cost synergies to the combined organization. In addition to the cash paid to acquire the outstanding shares of GFSI, the Company also paid $48,532 in cash at closing to settle various outstanding obligations of GFSI, resulting in a total cash outlay of $67,617. This cash outlay was funded using existing operating cash.

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of October 1, 2009 are set forth below:

Current assets (inclusive of cash acquired of $1,319)	$ 12,952
Long-term assets	7,466
Identifiable intangible assets	39,845
Total liabilities assumed	(25,727)
Total identifiable net assets	34,536
Goodwill	33,081
Net assets acquired	$ 67,617

The goodwill of $33,081 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company with those of GFSI, along with the value of GFSI's assembled workforce. All of the goodwill was assigned to the Banking Systems and Services segment. None of this goodwill is expected to be deductible for income tax purposes.

The fair value of current assets acquired includes trade accounts receivable with a fair value of $8,089. The gross amount receivable is $8,769, of which $680 is expected to be uncollectible. In addition, the Company acquired an investment in direct financing leases, which includes lease payments receivable of $4,210, all of which is assumed to be collectible.

During fiscal 2010, the Company incurred $1,708 in costs related to the acquisition of GFSI. These costs included fees for legal, accounting, valuation and other professional fees. These costs have been included within general and administrative expenses.

The results of GFSI's operations included in the Company's consolidated statement of operations from the acquisition date to June 30, 2010 includes revenue of $44,794 and after tax net income of $1,204.

PEMCO Technology Services, Inc.

On October 29, 2009, the Company acquired all of the issued and outstanding shares of PTSI, a leading provider of payment processing solutions primarily for the credit union industry, for $61,841 paid in cash. The cash used for this acquisition was funded using borrowings against available lines of credit.

The acquisition of PTSI is expected to broaden the Company's product offerings within its electronic payments business as well as expand the Company's presence in the credit union market beyond its core client base.

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of October 29, 2009 are set forth below:

Current assets (inclusive of cash acquired of $2,275)	$ 9,448
Long-term assets	1,222
Identifiable intangible assets	34,912
Total liabilities assumed	(3,572)
Total identifiable net assets	42,010
Goodwill	19,831
Net assets acquired	$ 61,841

The goodwill of $19,831 arising from this acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company with those of PTSI, along with the value of PTSI's assembled workforce. All of the goodwill from this acquisition was assigned to the Credit Union Systems and Services segment. The Company and the former shareholder of PTSI jointly made an Internal Revenue Code Section 338(h)(10) election for this acquisition. This election allows treatment of this acquisition as an asset acquisition, which permits the Company to amortize goodwill for tax purposes.

The fair value of current assets acquired includes accounts receivable of $4,686, all of which is deemed collectible.

During fiscal 2010, the Company incurred $249 in costs related to the acquisition of PTSI. These costs included fees for legal, accounting, valuation and other professional fees. These costs have been included within general and administrative expenses.

The results of PTSI's operations included in the Company's consolidated statement of operations from the acquisition date to June 30, 2010 includes revenue of $33,738 and after tax net income of $3,289.

iPay Technologies Holding Company, LLC

On June 4, 2010, the Company acquired all of the equity interests of iPay, a leading provider of online bill payment solutions for both banks and credit unions, for $301,143 paid in cash. The cash used for this acquisition was funded primarily through borrowings on available lines of credit and certain term notes issued concurrent with the acquisition.

The acquisition of iPay is expected to expand the Company's presence in the growing electronic payments industry, strengthen the Company's electronic payments offering, and increase recurring revenue.

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of June 4, 2010 are set forth below:

Current assets (inclusive of cash acquired of $354)	$ 3,692
Long-term assets	6,362
Identifiable intangible assets	116,286
Total liabilities assumed	(17,542)
Total identifiable net assets	108,798
Goodwill	192,345
Net assets acquired	$ 301,143

The amounts shown above may change in the near term as management continues to assess the fair value of acquired assets and liabilities and evaluate the income tax implications of this business combination.

The goodwill of $192,345 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 iPay, along with the value of iPay's assembled workforce. Goodwill from this acquisition has been preliminarily allocated between our Banking Systems and Services and our Credit Union Systems and Services segments based upon the extent to each segment is expected to benefit from the synergies of the combination; however, management has not fully completed its assessment of this allocation as of the date of these financial statements. Approximately 80% of the goodwill is expected to be deductible for income tax purposes.

The fair value of current assets acquired includes accounts receivable of $1,403, all of which is deemed to be collectible.

During fiscal year 2010, the Company incurred $2,280 in costs related to the acquisition of iPay. These costs included fees for legal, accounting, valuation and other professional fees. These costs have been included within general and administrative expenses.

The results of iPay's operations included in the Company's consolidated statement of operations from the acquisition date to June 30, 2010 include revenue of $3,526 and after-tax net income of $38.

Fiscal 2008 Acquisitions:

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

On October 1, 2007, the Company acquired all of the capital stock of AudioTel Corporation ("AudioTel"). AudioTel is a provider of remittance, merchant capture, check imaging, document imaging and management, and telephone and internet banking solutions. The purchase price for AudioTel, $32,092 paid in cash, was preliminarily allocated to the assets and liabilities acquired based upon then-estimated fair values at the acquisition date, resulting in an allocation of $(2,634) to working capital, $528 to property and equipment, $6,017 to customer relationships, $5,728 to capitalized software, $(4,346) to deferred taxes, and $26,799 to goodwill. As part of the purchase agreement, $3,000 of consideration was contingent upon the achievement of operating income targets over the two-year period ending on September 30,

2009. During the third quarter of fiscal 2009, the Company and the former shareholders of Audi oTel agreed to amend the purchase agreement to fully settle the contingency for $15. The acquired goodwill has been allocated to the banking systems and services segment and is non-deductible for tax purposes.

The accompanying consolidated statements of income for the fiscal years ended June 30, 2010, 2009 and 2008 do not include any revenues and expenses related to these acquisitions prior to the respective closing dates of each acquisition. The following unaudited pro forma consolidated financial information is presented as if these acquisitions had occurred at the beginning of the periods presented. In addition, this unaudited pro forma financial information is provided for illustrative purposes only and should not be relied upon as necessarily being indicative of the historical results that would have been obtained if these acquisitions had actually occurred during those periods, or the results that may be obtained in the future as a result of these acquisitions.

Pro Forma (unaudited)	Year Ended June 30,		
	2010	2009	2008
Revenue	$910,218	$906,078	$883,730
Gross profit	$387,160	$370,474	$370,655
Income from continuing operations	$124,955	$113,464	$108,448
Earnings per share - continuing operations	$ 1.46	$ 1.34	$ 1.21
Diluted shares	85,381	84,830	89,702
Earnings per share - continuing operations	$ 1.48	$ 1.35	$ 1.23
Basic shares	84,558	84,118	88,270

NOTE 14: BUSINESS SEGMENT INFORMATION

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

	For the Year Ended June 30, 2010		
	Bank	**Credit Union**	**Total**
REVENUE			
License	$ 38,117	$ 14,108	**$ 52,225**
Support and service	585,470	135,034	**720,504**
Hardware	48,695	15,162	**63,857**
Total	**672,282**	**164,304**	**836,586**
COST OF SALES			
Cost of license	4,732	1,095	**5,827**
Cost of support and service	348,489	89,987	**438,476**
Cost of hardware	35,961	11,202	**47,163**
Total	**389,182**	**102,284**	**491,466**
GROSS PROFIT	**$283,100**	**$ 62,020**	**$ 345,120**

	For the Year Ended June 30, 2009		
	Bank	**Credit Union**	**Total**
REVENUE			
License	$ 45,169	$ 13,265	$ 58,434
Support and service	514,748	99,494	614,242
Hardware	57,794	15,123	72,917
Total	617,711	127,882	745,593
COST OF SALES			
Cost of license	6,113	772	6,885
Cost of support and service	321,489	64,348	385,837
Cost of hardware	42,297	11,175	53,472

Total	369,899	76,295	446,194
GROSS PROFIT	$247,812	$ 51,587	$ 299,399

	For the Year Ended June 30, 2008		
	Bank	**Credit Union**	**Total**
REVENUE			
License	$ 52,528	$ 21,025	$ 73,553
Support and service	495,687	84,647	580,334
Hardware	68,175	20,864	89,039
Total	616,390	126,536	742,926
COST OF SALES			
Cost of license	5,376	1,322	6,698
Cost of support and service	305,640	58,500	364,140
Cost of hardware	49,504	15,358	64,862
Total	360,520	75,180	435,700
GROSS PROFIT	$255,870	$ 51,356	$ 307,226

	For the Year Ended June 30,		
	2010	2009	2008
Depreciation expense, net			
Bank systems and services	**$ 34,497**	$ 36,816	$ 37,970
Credit Unions systems and services	**2,092**	2,043	2,225
Total	**$ 36,589**	$ 38,859	$ 40,195
Amortization expense, net			
Bank systems and services	**$ 27,675**	$ 22,779	$ 19,580
Credit Unions systems and services	**7,244**	2,509	2,231
Total	**$ 34,919**	$ 25,288	$ 21,811
Capital expenditures			
Bank systems and services	**$ 51,392**	$ 30,752	$ 30,994
Credit Unions systems and services	**3,117**	810	111
Total	**$ 54,509**	$ 31,562	$ 31,105

	For the Year Ended June 30,	
	2010	2009
Property and equipment, net		
Bank systems and services	**$ 241,596**	$ 208,488
Credit Unions systems and services	**33,074**	29,290
Total	**$ 274,670**	$ 237,778
Intangible assets, net		
Bank systems and services	**$ 613,217**	$ 389,252
Credit Unions systems and services	**246,679**	45,276
Total	**$ 859,896**	$ 434,528

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

NOTE 15: SUBSEQUENT EVENTS

In accordance with SFAS 165, *Subsequent Events*, the Company has evaluated any significant events occurring from the date of these financial statements through the date they were issued. The effects of any such events upon conditions existing as of the balance sheet date have been reflected within the financial statements to the extent that the effects were material. Any significant events occurring after the balance sheet date that do not relate to conditions existing as of that date are disclosed below.

On July 8, 2010, the Company paid in full its bullet term loan of $100,000, which was due on December 4, 2010.

On August 23, 2010, the Company's Board of Directors declared a quarterly cash dividend of $0.095 per share of common stock, payable on September 22, 2010 to shareholders of record on September 7, 2010.

QUARTERLY FINANCIAL INFORMATION (unaudited)

&n bsp;

	For the Year Ended June 30, 2010				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
REVENUE					
License	$ 11,402	$ 12,013	$ 16,391	$ 12,419	$ 52,225
Support and service	155,926	184,143	182,090	198,345	720,504
Hardware	15,003	14,705	17,068	17,081	63,857
Total	**182,331**	**210,861**	**215,549**	**227,845**	**836,586**
COST OF SALES					
Cost of license	1,120	1,091	1,804	1,812	5,827
Cost of support and service	95,810	110,026	114,667	117,973	438,476
Cost of hardware	11,010	10,664	12,565	12,924	47,163
Total	**107,940**	**121,781**	**129,036**	**132,709**	**491,466**
GROSS PROFIT	**74,391**	**89,080**	**86,513**	**95,136**	**345,120**
OPERATING EXPENSES					
Selling and marketing	12,125	14,866	16,765	17,119	60,875
Research and development	10,148	12,339	14,001	14,332	50,820
General and administrative	10,181	14,512	12,088	14,391	51,172
Total	**32,454**	**41,717**	**42,854**	**45,842**	**162,867**
OPERATING INCOME	**41,937**	**47,363**	**43,659**	**49,294**	**182,253**
INTEREST INCOME (EXPENSE)					
Interest income	41	4	9	107	161
Interest expense	(90)	(143)	(186)	(1,199)	(1,618)
Total	**(49)**	**(139)**	**(177)**	**(1,092)**	**(1,457)**
INCOME BEFORE INCOME TAXES	**41,888**	**47,224**	**43,482**	**48,202**	**180,796**
PROVISION FOR INCOME TAXES	15,614	17,247	11,847	18,218	62,926
NET INCOME	**$ 26,274**	**$ 29,977**	**$ 31,635**	**$ 29,984**	**$117,870**
Diluted net income per share	**$ 0.31**	**$ 0.35**	**$ 0.37**	**$ 0.35**	**$ 1.38**
Diluted weighted average shares outstanding	**84,823**	**85,224**	**85,480**	**85,998**	**85,381**
Basic net income per share	**$ 0.31**	**$ 0.36**	**$ 0.37**	**$ 0.35**	**$ 1.39**
Basic weighted average shares outstanding	**83,870**	**84,341**	**84,694**	**85,325**	**84,558**

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QUARTERLY FINANCIAL INFORMATION (unaudited)

&n bsp;

	For the Year Ended June 30, 2009				
	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
REVENUE					
License	$ 13,294	$ 14,860	$ 12,730	$ 17,550	$ 58,434
Support and service	151,947	155,053	151,839	155,403	614,242
Hardware	17,857	20,291	15,839	18,930	72,917
Total	**183,098**	**190,204**	**180,408**	**191,883**	**745,593**
COST OF SALES					
Cost of license	1,089	2,052	1,436	2,308	6,885
Cost of support and service	96,132	96,502	96,732	96,471	385,837
Cost of hardware	13,348	14,277	12,002	13,845	53,472
Total	**110,569**	**112,831**	**110,170**	**112,624**	**446,194**
GROSS PROFIT	**72,529**	**77,373**	**70,238**	**79,259**	**299,399**
OPERATING EXPENSES					
Selling and marketing	13,932	13,845	12,873	14,281	54,931
Research and development	11,546	10,191	10,694	10,470	42,901
General and administrative	11,459	11,725	9,595	10,902	43,681
Total	**36,937**	**35,761**	**33,162**	**35,653**	**141,513**

OPERATING INCOME	**35,592**	**41,612**	**37,076**	**43,606**	**157,886**
INTEREST INCOME (EXPENSE)					
Interest income	563	146	56	16	781
Interest expense	(427)	(524)	(241)	(165)	(1,357)
Total	**136**	**(378)**	**(185)**	**(149)**	**(576)**
INCOME BEFORE INCOME TAXES	**35,728**	**41,234**	**36,891**	**43,457**	**157,310**
PROVISION FOR INCOME TAXES	13,219	13,249	12,089	15,651	54,208
NET INCOME	**$ 22,509**	**$ 27,985**	**$ 24,802**	**$ 27,806**	**$103,102**
Diluted net income per share	**$ 0.26**	**$ 0.33**	**$ 0.30**	**$ 0.33**	**$ 1.22**
Diluted weighted average shares outstanding	**86,622**	**84,958**	**83,480**	**84,261**	**84,830**
Basic net income per share	**$ 0.26**	**$ 0.33**	**$ 0.30**	**$ 0.33**	**$ 1.23**
Basic weighted average shares outstanding	**85,744**	**84,314**	**82,873**	**83,541**	**84,118**

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

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

The Management's Report on Internal Control over Financial Reporting required by this Item 9A is in Item 8, "Financial Statements and Supplementary Data." Deloitte & Touche LLP has audited our internal control over financial reporting as of June 30, 2010; their report is included in Item 8 of this Form 10K.

During the fiscal quarter ending June 30, 2010, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting, notwithstanding the acquisition of iPay (see Note 14 to the Consolidated Financial Statements in Item 8).

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

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

See the information under the captions “Election of Directors”, “Corporate Governance”, “Audit Committee Report”, “Executive Officers and Significant Employees” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive Proxy Statement for our 2010 Annual Meeting of Stockholders which is incorporated herein by reference.

Item 11. Executive Compensation

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

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

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

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

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

Item 14. Principal Accountant Fees and Services

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

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

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

- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Income for the Years Ended June 30, 2010, 2009 and 2008
- Consolidated Balance Sheets as of June 30, 2010 and 2009
- Consolidated Statements of Changes in Stockholders’ Equity for the Years Ended June 30, 2010, 2009 and 2008
- Consolidated Statements of Cash Flows for the Years Ended June 30, 2010, 2009 and 2008
- Notes to the Consolidated Financial Statements

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

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

(3) See “Index to Exhibits” set forth below.

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

Index to Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger among Jack Henry & Associates, Inc., Peachtree Acquisition Corporation and Goldleaf Financial Solutions, Inc.

attached as Exhibit 2.1 to the Company's Current Report on Form 8-K filed August 17, 2009.

2.2 Stock Purchase Agreement between PEMCO Corporation and Jack Henry & Associates, Inc. attached as Exhibit 2.1 to the Company's Current Report on Form 8-K filed October 30, 2009.

2.3 Securities Purchase Agreement between Jack Henry & Associates, Inc., iPay Technologies Holding Company, LLC and signatory Sellers dated May 6, 2010.

2.4 First Amendment to Securities Purchase Agreement between Jack Henry & Associates, Inc., iPay Technologies Holding Company, LLC and SEI V iPay AIV, L.P. dated May 27, 2010.

3.1.7 Restated Certificate of Incorporation, attached as Exhibit 3.1.7 to the Company's Annual Report on Form 10-K for the Year ended June 30, 2003.

3.2.2 Restated and Amended Bylaws, attached as Exhibit 3.2.2 to the Company's Current Report on Form 8-K filed November 13, 2008.

10.3 The Company's 1995 Non-Qualified Stock Option Plan, attached as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.

10.8 Form of Indemnity Agreement which has been entered into as of August 27, 1996, between the Company and each of its Directors and Executive Officers, attached as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.

10.9 The Company's 1996 Stock Option Plan, attached as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1997.

10.21 Amendment to the Company's 1996 Stock Option Plan, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 5, 2005.

10.27 The Company's Restricted Stock Plan, attached as Exhibit 10.27 to the Company's Annual Report on Form 10-K filed September 12, 2006.

10.28 The Company's 2005 Non-Qualified Stock Option Plan, attached as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed September 12, 2006.

10.29 Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.29 to the Company's Current Report on Form 8-K filed November 6, 2006.

10.31 Form of Termination Benefits Agreement, attached as Exhibit 10.31 to the Company's Current Report on Form 8-K filed September 10, 2007.

10.32 Form of Restricted Stock Agreement (executives), attached as Exhibit 10.32 to the Company's Current Report on Form 8-K filed September 10, 2007.

10.33

Form of Restricted Stock Agreement (Vice presidents and certain other managers), attached as Exhibit 10.33 to the Company's Current Report on Form 8-K filed September 10, 2007.

10.34 Amendment No. 2 to Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.34 to the Company's Current Report on Form 8-K filed November 1, 2007.

10.35 Jack Henry & Associates, Inc. 2007 Annual Incentive Plan, attached as Exhibit 10.35 to the Company's Current Report on Form 8-K filed November 1, 2007.

10.36 Jack Henry & Associates, Inc. 1995 Non-Qualified Stock Option Plan, as amended May 9, 2008, attached as Exhibit 10.36 to the Company's Annual Report on Form 10-K filed August 29, 2008.

10.37 Jack Henry & Associates, Inc. 1996 Stock Option Plan, as amended May 9, 2008, attached as Exhibit 10.37 to the Company's Annual Report on Form 10-K filed August 29, 2008.

10.38 Jack Henry & Associates, Inc. 2005 Non-Qualified Stock Option Plan, as amended and restated May 9, 2008, attached as Exhibit 10.38 to the Company's Annual Report on Form 10-K filed August 29, 2008.

10.39 Revised Form of Restricted Stock Agreement (executives), attached as Exhibit 10.39 to the Company's Quarterly Report on Form 10-Q filed November 6, 2009.

10.40 Amended and Restated Credit Agreement among Jack Henry & Associates, Inc., Wells Fargo Bank, National Association, Bank of America, N.A., regions Bank and U.S. Bank National Association, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 9, 2010.

21.1 List of the Company's subsidiaries.

23.1 Consent of Independent Registered Public Accounting Firm.

31.1 Certification of Chief Executive Officer.

31.2 Certification of Chief Financial Officer.

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 27th day of August, 2010.

JACK HENRY & ASSOCIATES, INC., Registrant

By /s/ John F. Prim

Chief Executive Officer

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

Signature	Capacity	Date
/s/ Michael E. Henry Michael E. Henry	Chairman of the Board and Director	August 27, 2010
/s/ John F. Prim John F. Prim	Chief Executive Officer and Director	August 27, 2010
/s/ Kevin D. Williams Kevin D. Williams	Chief Financial Officer and Treasurer (Principal Accounting Officer)	August 27, 2010
/s/ Jerry D. Hall Jerry D. Hall	Executive Vice President and Director	August 27, 2010
/s/ James J. Ellis James J. Ellis	Director	August 27, 2010
/s/ Craig R. Curry Craig R. Curry	Director	August 27, 2010
/s/ Wesley A. Brown Wesley A. Brown	Director	August 27, 2010
/s/ Matthew Flanigan Matthew Flanigan	Director	August 27, 2010
/s/ Marla Shepard Marla Shepard	Director	August 27, 2010

Exhibit 2.3

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "**Agreement**") is made and entered into as of May 6, 2010 by and among (i) iPay Technologies Holding Company, LLC, a Delaware limited liability company (the "**Company**"), (ii) the undersigned members of the Company and Bain (collectively, the "**Sellers**"), and (iii) Jack Henry & Associates, Inc., a Delaware corporation (the "**Buyer**").

Introduction

The Buyer wishes to purchase, directly and indirectly, all of the outstanding securities of the Company on the terms and conditions set forth in this Agreement.

An index of defined terms is set forth in Section 9.15.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
PURCHASE AND SALE; CLOSING

1.1. Purchase and Sale. Subject to the terms and conditions of this Agreement, at the Closing, the Sellers shall sell, transfer, assign and deliver to the Buyer, and the Buyer shall purchase from the Sellers, (a) all of the outstanding Units held by the Sellers, except for the Units held by the Bain Blocker, and (b) all of the outstanding capital stock of the Bain Blocker held by Bain (collectively, the "**Purchased Securities**").

1.2. Closing. Unless this Agreement is earlier terminated pursuant to Section 8.1, the closing of the transactions contemplated hereby (the "**Closing**") will take place at the offices of Choate, Hall & Stewart, LLP (a) two (2) business days after the conditions set forth in ARTICLE VI are satisfied (other than those conditions which by their nature are normally satisfied at the Closing, but subject to the satisfaction of such conditions at the Closing) or waived, or (b) such other date that is agreed to in writing by the Company and the Buyer (the "**Closing Date**").

1.3. Certain Definitions; Pre-Closing Deliveries.

(a) Definitions. As used herein, the following terms shall have the following meanings:

"**Affiliate**" means, when used with reference to a specified Person (a) any other Person that directly or indirectly controls, is controlled by, or is under common control with, such specified Person and (b) if such a Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual, any trust whose principal beneficiary is such individual or one or more members of such immediate family, and any Person who is controlled by any such member or trust. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Bain**" means, collectively, Bain Capital Venture Fund 2005, L.P., a Delaware limited partnership, BCIP Associates III, LLC, a Delaware limited liability company, BCIP Associates III-B, LLC, a Delaware limited liability company.

"**Bain Blocker**" means BV Investor I, Inc., a Delaware corporation.

"**Base Purchase Price**" means $300,000,000.

"**Closing Cash**" means, as of immediately prior to the Closing, the consolidated cash, cash-equivalents, marketable securities and deposits of the Company and its Subsidiaries. Closing Cash shall be determined in accordance with GAAP using the same methods, practices and principles used by the Company to prepare its most recent unaudited financial statements referenced in Section 2.8.

"**Closing Indebtedness**" means, as of immediately prior to the Closing and without duplication of amounts: (i) all outstanding payment obligations of the Company and its Subsidiaries for borrowed money; (ii) all outstanding payment obligations of the Company and its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iii) all outstanding payment obligations of the Company and its Subsidiaries, determined in accordance with GAAP, under capital leases; (iv) all outstanding payment obligations of the Company and its Subsidiaries for deferred purchase price for property (excluding accounts payable and other current liabilities incurred in the ordinary course of business); and (v) all outstanding payment obligations of the Company and its Subsidiaries in respect of letters of credit. In no event will Closing Indebtedness include any (A) liability included within the definition of Closing Working Capital or (B) indebtedness arranged by Buyer or any of its Affiliates.

"**Closing Tax Benefit**" means forty percent (40%) of the Sale Bonuses.

"**Closing Working Capital**" means on a consolidated basis, as of immediately prior to the Closing, (i) all accounts receivable, inventory, prepaid expenses and other current assets of the Company and its Subsidiaries (excluding for this purpose Closing Cash), *minus* (ii) all accounts payable, accrued liabilities, and other current liabilities of the Company and its Subsidiaries (excluding for this purpose all Closing Indebtedness, Sale Bonuses, Sellers' Expenses and any deferred revenue). Except as set forth in the preceding sentence and except as otherwise stated on **Exhibit 1.3(c)**, Closing Working Capital shall be determined in accordance with GAAP using the same methods, practices and principles used by the Company to prepare its most recent unaudited financial statements referenced in Section 2.8 and otherwise in accordance with **Exhibit 1 .3(c)**.

"**Closing Working Capital Target**" means $654,721.

"**Company Material Adverse Effect**" means any event, transaction, condition or change which has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, assets, liabilities, operating results, properties or financial condition of the Company and its Subsidiaries, taken as a whole; *provided*, that in no event shall any of the following be taken into account in the determination of whether a Company Material Adverse Effect has occurred: (i) any change in any Legal Requirement or GAAP; (ii) any change resulting from conditions affecting any of the industries in which the Company or any Subsidiary operates to the extent such changes do not disproportionately affect the Company or any Subsidiary as compared to the other participants in such industries; (iii) any changes in general business, financial, political, c apital market or economic conditions (including any change resulting from any hostilities, war or military or terrorist attack); (iv) any change resulting from the announcement or pendency of the transactions contemplated by this Agreement or attributable to the fact that the Buyer or any of its Affiliates are the prospective owners of the Company; or (v) any change resulting from (A) any action or inaction by the Company or any Subsidiary contemplated by this Agreement or (B) any other action taken or omitted to be taken at the direction or with the consent of the Buyer.

"**Estimated Purchase Price**" means the Purchase Price set forth in the Estimated Purchase Price Certificate; *provided*, that notwithstanding the estimate of Closing Working Capital reflected on the Estimated Purchase Price Certificate, the upward adjustment, if any, to be implemented at Closing pursuant to clause (iii) of the definition of "Purchase Price" (the "**Upward Closing Working Capital Adjustment**") shall not exceed $1,000,000, it being understood that any portion of the Upward Closing Working Capital Adjustment in excess of $1,000,000 shall be factored into the calculation described in Section 1.7 below and shall serve to increase the final Purchase Price.

"**GAAP**" means United States generally accepted accounting principles as of the date hereof, consistently applied.

"**Governmental Authority**" means any: (i) foreign, federal, state, provincial, municipal or local government, court, tribunal, administrative agency or department, (ii) any other governmental, government appointed or regulatory authority or (iii) quasi-governmental authority exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"**Lien**" means any lien, security interest, charge, pledge, restriction, mortgage, title retention agreement, easement, right of occupation, right of preemption, privilege, restriction, tenancy, other possessory interest, conditional sale, assessment, right of way, right of first refusal, right of purchase, covenant, encroachment, adverse claim or other encumbrance of any kind that secures the payment or performance of an obligation or otherwise adversely affects the right, title or interest of a Person in any property.

"**Member**" means (i) the Bain Blocker and (ii) each of the Sellers other than Bain.

"**Person**" means any natural person, corporation, limited liability company, partnership, trust or other entity.

"**Purchase Price**" means the Base Purchase Price, (i) *plus* an amount equal to the Closing Cash, (ii) *plus* an amount equal to the Closing Tax Benefit, and (iii) *plus* the amount, if any, by which Closing Working Capital is more than the Closing Working Capital Target, or *minus* the amount, if any, by which Closing Working Capital is less than the Closing Working Capital Target.

"**Sale Bonuses**" means the sale bonuses payable to employees of the Company or any Subsidiary in connection with the Closing of the transactions contemplated by this Agreement, as set forth on the Payment Schedule.

"**Sellers' Expenses**" means all unpaid fees and expenses of attorneys, accountants, investment bankers and other advisors of the Sellers and the Company and its Subsidiaries relating to the transactions contemplated hereby including the unpaid fees and expenses of each of Choate, Hall & Stewart LLP, Stoll Keenon Ogden PLLC and William Blair & Company, LLC. In no event, however, will any fees and expenses incurred by or for the account of the Buyer or any of its Affiliates, or any fees or expenses incurred by the Company or any of its Subsidiaries after the Closing, be considered Sellers' Expenses.

"**Subsidiary**" means any Person with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the equity securities or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or similar governing body.

"**Units**" means the Company's Common Units.

(b) **Pre-Closing Deliveries**. At least two (2) business days prior to the Closing, the Company will furnish to the Buyer (i) a certificate substantially in the form attached as **Exhibit 1.3(b)** (the "**Estimated Purchase Price Certificate**") setting forth (A) an estimate of each of Closing Cash, Closing Indebtedness and Closing Working Capital, and (B) a calculation of the Estimated Purchase Price, (ii) a payoff letter from each holder of Closing Indebtedness indicating the amount required to discharge such indebtedness at the Closing and including an undertaking by each such holder to discharge any Liens securing any portion of such indebtedness, (iii) final bills and wire transfer instructions from each payee of any portion of the Sellers' Expenses, and (iv) the Payment Schedule (as defined in Section 1.6 below).

(c) **Example Calculation**. For purposes of illustration as shown on **Exhibit 1.3(c)**, if the Closing had occurred on March 31, 2010, Closing Cash would have been $9,642,682, Closing Indebtedness would have been $12,581,341, and Closing Working Capital would have been $1,294,721.

1.4. **Payments At Closing**. Immediately prior to the Closing, the Company shall distribute to the Members, in accordance with the terms of the LLC Agreement and the Payment Schedule, the amount of Closing Cash shown on the Estimated Purchase Price Certificate. At the Closing, the Buyer shall make or cause to be made the following payments (in an amount, in the aggregate, equal to the Estimated Purchase Price shown on the Estimated Purchase Price Certificate *less* the amount of Closing Cash distributed to the Members pursuant to the immediately preceding sentence) by wire transfer of immediately available funds:

(a) *first*, to each holder of Closing Indebtedness of the type described in clause (i) of the definition thereof, the amount specified in the payoff letters delivered by the Company to the Buyer;

(b) *second*, to the payees of the Sellers' Expenses in accordance with the bills and wire transfer instructions delivered by the Company to Buyer pursuant to Section 1.3(b)(iii);

(c) *third*, $15,000,000 (the "**Escrow Fund**") to U.S. Bank, National Association (the "**Escrow Agent**"), be held in escrow in accordance with the terms of the Escrow Agreement;

(d) *fourth*, $1,000,000 to the Agent (the "**Agent Fund**"), which will be held and disbursed by the Agent in accordance with Sections 1.5, 1.6 and 9.13;

(e) *fifth*, to the Company, an amount equal to the total amount of the Sale Bonuses, which shall be paid promptly after the Closing by the Company (less applicable Tax withholdings) as part of its normal payroll process; and

(f) *sixth*, the balance to the Sellers in accordance with the Payment Schedule.

1.5. **Agent Fund**. The Agent shall use the Agent Fund to (a) make any payment required to be made for the account of the Sellers or any Seller pursuant to this Agreement, (b) pay any Sellers' Expenses not otherwise paid at the Closing and (c) pay all costs and expenses incurred by or on behalf of the Agent, in its capacity as such, including all costs and expenses incurred in connection with any pending or threatened dispute or claim with respect to this Agreement, any agreement, document or instrument entered into pursuant to this Agreement, or the transactions contemplated hereby or thereby.

Subject to Section 1.6, the Agent Fund will be held or disbursed, in whole or in part, as determined by the Agent. The retention by the Agent of any amounts in the Agent Fund shall not be used as evidence that the Sellers have any liability hereunder. Any amounts received by t he Agent, in its capacity as such, including any amounts released from the Escrow Fund, may be used at the Agent's discretion to increase the Agent Fund. If the Agent determines to release all or a portion of the Agent Fund, such amounts will be distributed to the Sellers in accordance with Section 1.6.

1.6. Payments to Sellers.

(a) General. All payments hereunder to the Sellers (including payments at Closing pursuant to Section 1.4(f) and amounts disbursed after the Closing from the Agent Fund) will be made in accordance with the Payment Schedule, which shall give effect to the distribution and other provisions of the Company's Amended and Restated Limited Liability Company Agreement in effect immediately prior to the Closing (the "**LLC Agreement**"). For this purpose, it is understood that Bain is selling its capital stock in the Bain Blocker to the Buyer, which represent an indirect interest in the Units held by Bain.

(b) Withholding. The Buyer, the Company and the Agent shall be entitled to deduct and withhold from payments hereunder to any Seller or recipient of a Sale Bonus such amounts as are required to be withheld under any Legal Requirement. The withheld amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such withholdings were made.

(c) Payment Schedule. Attached hereto as **<u>Exhibit 1.6(c)</u>** is a spreadsheet setting forth each Seller's share of the Agent Fund and Escrow Fund, such spreadsheet to be updated by the Company to include (i) the aggregate amounts payable to each Seller at Closing and (ii) the aggregate amount of the Sale Bonuses and each recipient of any portion thereof, which updated spreadsheet shall be delivered to the Buyer by the Company at least one day prior to the Closing (such updated spreadsheet, the "**Payment Schedule**").

1.7. Final Determination of Purchase Price.

(a) Initial Determination. Within ninety (90) days after the Closing Date, the Buyer will prepare in good faith and deliver to the Agent a certificate (the "**Purchase Price Certificate**") executed by the Buyer setting forth (i) an itemized listing of Closing Cash, Closing Indebtedness and Closing Working Capital (collectively, the "**Closing Items**"), and (ii) the Buyer's calculation of the final Purchase Price.

(b) Agent's Right to Dispute. If the Agent delivers written notice (the "**Disputed Items Notice**") to the Buyer within thirty (30) days after receipt by the Agent of the Purchase Price Certificate stating that the Agent objects to any Closing Items in the Purchase Price Certificate (the "**Disputed Items**"), the Buyer and the Agent will attempt to resolve and finally determine and agree upon the Disputed Items as promptly as practicable. If the Agent does not deliver the Disputed Item Notice to the Buyer within thirty (30) days after receipt by the Agent of the Purchase Price Certificate, the Purchase Price specified in the Purchase Price Certificate will be presumed to be true and correct in all respects and will be final and binding on the parties.

(c) Arbitration of Disputes. If the Buyer and the Agent are unable to agree upon the Disputed Items within thirty (30) days after delivery of the Disputed Items Notice, the Buyer and the Agent will select an independent, nationally-recognized accounting firm reasonably acceptable to each of them (in either case, the "**Independent Accounting Firm**") to resolve the Disputed Items. The Independent Accounting Firm shall (i) address only the Disputed Items set forth in the Disputed Items Notice and may not assign a value greater than the greatest value claimed for such item by either party or smaller than the smallest value claimed for such item by either party, and (ii) re-calculate the Purchase Price, as modified only by the Independent Accounting Firm's resolution of the Disputed Items determined in the manner provided herein. Buyer and Agent will each have the same opportunity to present its position and submit materials regarding the Disputed Items to the Independent Accounting Firm. The Independent Accounting Firm will make a written determination of each Disputed Item within forty five (45) days after being selected and such determination will be final and binding on the parties. The fees, costs and expenses of the Independent Accounting Firm will be borne by the party whose positions generally did not prevail in such determination, or if the Independent Accounting Firm determines that neither party could be fairly found to be the prevailing party, then such fees, costs and expenses will be borne fifty percent (50%) by the Agent (such amounts to be paid by the Agent solely from the Agent Fund) and fifty percent (50%) by the Buyer.

(d) Payment. At such time as the Closing Items are finally resolved and the Purchase Price is finally determined (taking into account any portion of any Upward Closing Working Capital Adjustment in excess of $1,000,000 at the Closing that was not included in the calculation of the Estimated Purchase Price), either (i) the Buyer shall pay or cause to be paid to the Agent an aggregate

amount equal to the excess, if any, of the final Purchase Price over the Estimated Purchase Price, or (ii) the Agent shall cause to be paid to the Buyer, first from the Agent Fund and, if necessary, from the Escrow Fund, an aggregate amount equal to the excess, if any, of the Estimated Purchase Price over the final Purchase Price.

(e) **Access to Information**. The Agent and its accountants, lawyers and representatives will be given full access at all reasonable times to (and shall be allowed to make copies of) the books and records of the Buyer, the Company and its Subsidiaries and to any personnel of the Buyer, the Company and its Subsidiaries reasonably requested by such Persons, in each case in connection with the determination of the Purchase Price or any dispute relating thereto. The rights of the Agent and Sellers under this Agreement shall not be prejudiced by the failure of the Buyer, the Company or any of its Subsidiaries to comply with this Section.

(f) **Effect on Other Provisions**. No adjustment to the Purchase Price pursuant to this Section shall be considered a breach of any representation, warranty or other provision of this Agreement or any document delivered pursuant to this Agreement. The Buyer shall not make any claim in respect of the determination of the Purchase Price or any item included within the determination of the Purchase Price other than in accordance with this Section.

(g) **Buyer's Failure to Deliver Purchase Price Certificate**. If, for any reason, the Buyer fails to deliver the Purchase Price Certificate within the time period required by Section 1.7(a), the Estimated Purchase Price Certificate shall be considered for all purposes of this Agreement as being the "Purchase Price Certificate" delivered by the Buyer pursuant to such Section and the Purchase Price specified therein will be presumed to be true and correct in all respects and will be final and binding on the parties.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Buyer that each of the statements contained in this ARTICLE II is true and correct. Except for the representations and warranties expressly set forth in this ARTICLE II, the Company makes no other representation or warranty (either express or implied).

2.1. **Organization, Power and Standing**. The Company is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. The Company has full limited liability company power to own, lease and operate its properties and to carry on its business as it is now conducted. The copies of the certificate of formation of the Company and the LLC Agreement (each as amended to date, the "**Company Charter Documents**") that have been delivered to the Buyer by the Company are complete.

2.2. **Subsidiaries**. Except as set forth on **Schedule 2.2**, the Company has no Subsidiaries and does not, directly or indirectly, own or have the right to acquire any equity interest in any corporation, limited liability company, partnership, joint venture, trust or other business organization. The record owners of all of the issued and outstanding equity securities of each of the Subsidiaries are as listed on **Schedule 2.2**. Such equity securities were duly authorized and validly issued, fully paid and nonassessable. Each Subsidiary is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, as set forth on **Schedule 2.2**. Each of the Subsidiaries has the organizational power to own, lease and/or operate its properties and to carry on its business as it is now conducted. There are no outstanding options, warrants, convertible or exchangeable securities or other rights that would obligate any Subsidiary to issue any of its equity securities to any third party. There are no outstanding stock appreciation, phantom stock or profit participation rights or similar rights with respect to any Subsidiary.

2.3. **Foreign Qualifications**. **Schedule 2.3** sets forth a complete and accurate list of all jurisdictions in which the Company or any Subsidiary is qualified to do business as a foreign entity. There are no other jurisdictions in which the Company or any Subsidiary must qualify to do business as a foreign entity, except for any jurisdiction(s) in which the failure to so qualify would not be material to the Company.

2.4. **Due Authorization**. The Company has the limited liability company power and authority and has taken all required limited liability company action on its part necessary to permit it to execute and deliver and to carry out the terms of this Agreement and the other agreements, instruments and documents of the Company contemplated hereby.

2.5. **No Conflict; Required Consents and Approvals**. Except as set forth in **Schedule 2.5** and except for applicable filings under the HSR Act, the Company's execution, delivery and performance of this Agreement and the other agreements, instruments and documents of the Company contemplated hereby will not result in any violation of, be in conflict with or constitute a default under (or event which with the giving of notice or lapse of time or both would become a default) (a) the

Company Charter Documents, (b) any Material Contract, (c) any Authorization or (d) any Legal Requirement, except in the case of clauses (b)-(d) for such violations, conflicts or defaults which would not be material to the Company. Except as set forth on **Schedule 2.5** and except for applicable filings under the HSR Act, no consent, order, approval, authorization, declaratio n or filing with or from any Governmental Authority or any party to a Material Contract is required on the part of the Company or any Subsidiary for or in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for those which, if not obtained, would not be material to the Company.

2.6. Validity and Enforceability. This Agreement is, and each of the other agreements, instruments and documents of the Company contemplated hereby will be when executed and delivered by the Company, the valid and binding obligations of the Company enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and by laws related to the availability of specific performance, injunctive relief or other equitable remedies.

2.7. Capitalization. **Schedule 2.7** sets forth a complete and accurate list of all outstanding Units and the registered holders of such Units as of the date of this Agreement including any Distribution Threshold(s) (as defined in the LLC Agreement) applicable thereto. All outstanding Units are duly authorized and validly issued. Except as set forth on **Schedule 2.7**, there are no outstanding options, warrants, convertible or exchangeable securities or other rights that would obligate the Company to issue equity interests of any class or series. The offer, issuance and sale of all outstanding Units complied in all material respects with all applicable preemptive rights. Except as set forth on **Schedule 2.7**, there are no agreements to which the Company is a party relating to the acquisition, disposition, voting or registration of any Unit s of the Company. There are no outstanding stock appreciation, phantom stock or profit participation rights or similar rights with respect to the Company.

2.8. Financial Statements; Undisclosed Liabilities.

(a) The Company has delivered to the Buyer (i) audited consolidated balance sheets of the Company and its Subsidiaries as at December 31, 2008 and December 31, 2009, and audited consolidated income statements and statements of cash flows for the fiscal years then ended, and (ii) an unaudited consolidated balance sheet of the Company and its Subsidiaries as at March 31, 2010 (the "**Most Recent Balance Sheet**" and the date thereof the "**Balance Sheet Date**") and unaudited consolidated income statements and statements of cash flows for the three-month period then ended. Except as set forth on **Schedule 2.8(a)** with respect to the unaudited financial statements referred to in (ii) above, such financial statements and the notes thereto, if any, fairly present in all material respects the consolidated financial condition and the results of operations and cash-flows of the Company and its Subsidiaries for the periods then ended and have been prepared in accordance with GAAP (except as otherwise stated therein or in the case of unaudited financial statements for the omission of footnotes and subject to year-end adjustments, none of which alone or in the aggregate would have a Company Material Adverse Effect).

(b) The Company does not have any material obligation or liability (whether accrued, absolute, contingent or otherwise, whether due or to become due and regardless of when or by whom asserted) that would be required by GAAP to be reflected on a balance sheet, except (i) for (A) liabilities, accounts payable and accrued expenses reflected on the Most Recent Balance Sheet and (B) other similar amounts incurred in the ordinary course of business since the Balance Sheet Date (with the understanding that any such liability which arises or results from the Company's breach of contract, breach of warranty, tort, or violation of law since the Balance Sheet Date shall not have been incurred in the ordinary course of business), (ii) for obligations of future performance under contracts set forth on a Schedule hereto and other contracts entered into in the ordinary course in accordance with this Agreement that are not requi red to be listed on a Schedule hereto, and (iii) as set forth on **Schedule 2.8(b).**

(c) Subject to any reserves set forth in the Most Recent Balance Sheet, the accounts receivable shown on the Most Recent Balance Sheet are valid receivables subject to no material setoffs or counterclaims and represent bona fide claims against debtors.

(d) The Company maintains internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

2.9.

No Material Adverse Change. Since December 31, 2009, except as set forth on **Schedule 2.9** and except for the transactions contemplated by this Agreement, (a) the Company and its Subsidiaries have conducted the Business in all material respects in the ordinary course of business consistent with past practice, (b) no Lien has been placed upon any of the Company's or any Subsidiary's assets, other than Permitted Liens, (c) the Company has not declared any dividend or distribution or redeemed any of its equity securities, (d) neither the Company nor any Subsidiary has acquired or disposed of any material assets, except in the ordinary course of business and with an aggregate value of less than $100,000, (e) there has been no damage, destruction or casualty loss (whether or not covered by insurance) with respect to any of the assets or properties of the Company or any Subsidiary in which the damages, losses or expenses to the Company exceed $100,000, (f) neither the Company nor any Subsidiary has made any change in the compensation paid or payable to any employee whose annual base salary prior to any such change exceeds $100,000, other than any change pursuant to any contract, agreement or arrangement listed on a Schedule hereto, (g) neither the Company nor any Subsidiary has cancelled or waived any claims with a potential value in excess of $100,000, (h) there has been no amendment to the Company Charter Documents (except as contemplated by this Agreement), (i) there has been no change (whether or not in the ordinary course of business) in any method of accounting or accounting policies, (j) there has been no acceleration or delay in the Company's or its Subsidiaries' general practice with respect to the collection of accounts receivable or the payment of accounts payable, (k) there has been no (i) sale, assignment, tra nsfer, lease, license or other encumbrance of any Company Intellectual Property other than in the ordinary course of business or (ii) disclosure of any confidential information other than in circumstances in which the Company or a Subsidiary has imposed reasonable confidentiality restrictions, or (iii) abandonment or lapse of any material Intellectual Property right, and (l) there has been no Company Material Adverse Effect.

2.10. Material Contracts. **Schedule 2.10** hereto sets forth, as of this Agreement, a list of all of the following contracts and agreements for the Company and its Subsidiaries (except for those which will be terminated at or prior to the Closing (the "**Terminated Contracts**"), which such Terminated Contracts are identified on **Schedule 2.10** as such):

(a) contracts or leases with respect to which the Company or any Subsidiary has a stated obligation of more than $250,000 within the twelve (12) month period from and after the date of this Agreement, other than purchase orders entered into in the ordinary course of business;

(b) contracts under which Company or any Subsidiary has borrowed or loaned any money or has issued any note, bond, indenture or other evidence of indebtedness or directly or indirectly guaranteed indebtedness, liabilities or obligations of others (it being understood and agreed by the Buyer that any activities undertaken in the processing and settlement of payments in servicing customers in the ordinary course operation of the Business consistent with past practice, that could arguably be required to be disclosed in response to this representation do not need to be disclosed, and the failure to disclose such information shall not be deemed to be a breach of this representation);

(c) contracts which place any material limitation on the operation of the Business, such as agreements with non-solicitation, non-compete, exclusivity or "most favored nation" provisions;

(d) employment, bonus, severance, retention and deferred compensation agreements;

(e) contracts with any labor union or association relating to current employees of the Company or any Subsidiary, or collective bargaining agreements;

(f) contracts with any Affiliate of the Company;

(g) distribution and reseller agreements;

(h) research and development agreements;

(i) contracts with Governmental Authorities;

(j) leases of equipment or real property or licenses of Intellectual Property to the Company or any Subsidiary from another Person pursuant to which Company or any Subsidiary paid such Person more than $50,000 in the twelve (12) month period preceding the Balance Sheet Date;

(k) franchise, partnership and joint venture agreements;

(l) contracts with the customers and vendors listed in **Schedule 2.15**;

(m) contracts with respect to mergers, amalgamations or acquisitions by the Company or any Subsidiary; and

(n)

contracts that are not otherwise listed elsewhere on **Schedule 2.10** under which the consequences of a default or termination would reasonably be expected to have a Company Material Adverse Effect.

All of the foregoing contracts and the Leases are sometimes collectively referred to herein as the "**Material Contracts**". The Company has made available to the Buyer true and correct copies of all Material Contracts. Each Material Contract is a legal, valid and binding obligation of the Company or its Subsidiary, as the case may be, and each Material Contract is enforceable against the Company or its Subsidiary, as the case may be, in accordance with the terms thereof, in all cases subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and similar laws now or hereafter in effect relating to creditors rights generally and general principles of equity. To the Company's knowledge, each Material Contract is legal, valid, binding and enforceable against the other parties thereto in accordance with the terms thereof, subject t o applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and similar laws now or hereafter in effect relating to creditors rights generally and general principles of equity. Neither the Company nor any Subsidiary is in default under any Material Contract, and to the Company's knowledge, no event has occurred which with notice or lapse of time would constitute a breach or default by the Company or any Subsidiary or permit any third party to terminate, modify or accelerate such Material Contract. Neither the Company nor any Subsidiary has expressly waived any of its material rights under any Material Contract. To the knowledge of the Company, no other party to any Material Contract has materially breached or is in material default thereunder, and to the Company's knowledge, no event has occurred which with notice or lapse of time would constitute a breach or default by such party or permit the Company or any Subsidiary to terminate, modify or accelerate s uch Material Contract. Except as set forth on **Schedule 2.5**, the transactions contemplated by this Agreement will not afford any other party to a Material Contract the right to terminate such Material Contract.

2.11. Real Property.

(a) Neither the Company nor any of its Subsidiaries owns any real property, except as set forth on **Schedule 2.11(a)** (the "**Owned Real Property**"). With respect to the Owned Real Property, except as set forth on **Schedule 2.11(a)**: (i) there are, except for Permitted Liens, no leases, subleases or other agreements granting to any party or parties the right of use or occupancy of any portion of the Owned Real Property; (ii) the Company or one of its Subsidiaries has marketable fee simple title to such Owned Real Property free and clear of all Liens, other than Permitted Liens and Liens described in First American Title Insurance Policy No. OP712448, dated September 27, 2005, (iii) none of the buildings on the Owned Real Property is in need of maintenance or repairs, normal wear and tear and maintenance excepted, (iv) there are not outstanding options, rights of first offer or rights of first refusal to purchase the Owned Real Property or any portion thereof or interests therein; (v) the Company has not received any written notice from the insurers of the Owned Real Property relating to any material violations, deficiencies or need for repairs; (vi) there is no pending or, to the knowledge of the Company, threatened condemnation, eminent domain or similar proceeding with respect to any Owned Real Property.

(b) **Schedule 2.11(b)** describes each interest in real property leased by the Company and its Subsidiaries, including the lessor of such leased property, and identifies each lease or any other arrangement under which such property is leased (each, a "**Lease**"). The Company has delivered to Buyer a true and complete copy of each such Lease, each of which is in full force and effect. None of the Company's or its Subsidiaries' possession and quiet enjoyment of the leased real property under any such Lease has been disturbed, and to the knowledge of the Company, (i) no third party has any right to disturb such Lease, and (ii) there are no material disputes with respect to such Lease. The other party to each such Lease is not an Affiliate of, and otherwise does not have any economic interest in, the Company. Except as set forth on **Schedule 2.11(b)< /B>, none of the Company or its Subsidiaries has collaterally assigned or granted any other security interest in such Lease or any interest therein. The Company and its Subsidiaries have not received any written notice from any landlord asserting the existence of an uncured default under any such Lease or been informed in writing that the lessor under any such Lease has taken action or, to the knowledge of Company, threatened to terminate the Lease before the expiration date specified in the Lease. Neither the Company nor any Subsidiary subleases any leased real property to any Person other than to the Company or a Subsidiary.**

2.12. Personal Property; Asset Sufficiency.

(a) The Company and each of its Subsidiaries has good title to or a valid leasehold, license or other similar interest in its tangible personal property, free and clear of all Liens, except for Permitted Liens.

(b) The material tangible personal property of the Company and its Subsidiaries, taken as a whole, is in adequate condition to conduct the business of the Company and its Subsidiaries as the same is conducted on the date of this Agreement (the "Business"), normal wear

and tear and maintenance excepted, and includes all material tangible personal property that is reasonably necessary to permit the Company and its Subsidiaries to conduct the Business.

As used herein, the term "Permitted Liens" means (a) such imperfections of title, easements, encumbrances, Liens or restrictions which do not materially impair the current use of the Company's or any Subsidiary's assets, (b) materialmen's, mechanics', carriers', workmen's, warehousemen's, repairmen's, landlord's and other like Liens arising in the ordinary course of business and that relate to obligations not yet due or delinquent, (c) Liens for Taxes not yet due and payable, or being contested in good faith and for which a reserve, determined in accordance with GAAP, has been established on the Company's financial statements, (d) purchase money Liens incurred in the ordinary course of business, (e) the Liens listed on Schedule 2.12, (f) any Liens created as a result of any act taken by o r through the Buyer or any of its Affiliates, or (g) as of the date hereof, Liens securing any Closing Indebtedness.

2.13. Intellectual Property.

(a) As used herein "Intellectual Property" means all intellectual property rights of every kind including all (i) all patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (ii) trademarks and service marks (registered or unregistered) and registrations and applications for registration thereof; (iii) copyrights (registered or unregistered) and registrations and applications for registration thereof; (iv) trade secrets and (v) other proprietary rights in Technology of every kind and nature. As used herein, "Company Intellectual Property" means Intellectual Property owned or used by the Company or any Subsidiary. As used herein, "Technology" means all confidential and proprietary information, know-how, techniques, inventions (whether or not patented or patentable), algorithms, routines, software, files, databases, data collections, formulas, works of authorship or processes, web site addresses, domain names and all instantiations of the foregoing in any form and embodied in any media.

(b) Schedule 2.13(b) hereto contains a list of all material Company Intellectual Property included in clauses (i), (ii) and (iii) of the definition of Intellectual Property that the Company or any Subsidiary owns and has registered with a Governmental Authority, or with respect to which the Company or any Subsidiary has filed an application for such a registration, except for any Company Intellectual Property which has been abandoned by the Company or such Subsidiary. The Company or one of its Subsidiaries (i) has made all necessary filings and paid all necessary registration, maintenance and renewal fees for the purpose of maintaining such Company Intellectual Property and (ii) is the exclusive owner of such Company Intellectual Property.

(c) Schedule 2.13(c) contains a list of all domain names of which the Company or any Subsidiary is the registrant (by direct registration or proxy).

(d) Schedule 2.13(d) contains a list of (i) all material licenses granted by the Company or any Subsidiary to any third party with respect to any owned Company Intellectual Property, and (ii) all material licenses granted by any third party to the Company or any Subsidiary with respect to any licensed Company Intellectual Property, excluding "off-the-shelf" or "shrink wrap" products and technology licensed to the Company or any Subsidiary (collectively, the "IP Licenses"). The Company has made available to the Buyer true and correct copies of all IP Licenses. The Company or such Subsidiary, as the case may be, and, to the knowledge of the Company, each other party thereto, has performed all obligations required under the IP Licenses, except for those obligations the non-performance of which would not have a Company Material Adverse Effect. & nbsp;Neither the Company nor any of its Subsidiaries is in material default under any IP License and, to the knowledge of the Company, no third party is in material default under any IP License. Except as set forth on Schedule 2.5, the transactions contemplated by this Agreement will not afford any other party the right to terminate any IP License.

(e) Except as set forth on Schedule 2.13(e), (i) neither the Company nor any Subsidiary is violating, infringing or misappropriating any of the Intellectual Property set forth in clauses (iii) or (iv) of the definition of Intellectual Property and, to the Company's knowledge, any other Intellectual Property of any other Person and (ii) to the Company's knowledge, no third party is violating, infringing or misappropriating any Company Intellectual Property owned by or licensed to the Company or any Subsidiary, excluding with respect to licensed Company Intellectual Property, any "off-the-shelf" or "shrink wrap" products or Technology licensed to the Company or any Subsidiary. Except as set forth on Schedule 2.13(e), since January 1, 2007, neither the Company nor any Subsidiary has received any written notice from any Person claiming any violation, infringement or misappropriation by the Company or any Subsidiary of another Person's Intellectual Property rights (including any demands or "unsolicited offers" to

license Intellectual Property from another Person). Except as set forth on Schedule 2.13(e), no claims are pending or, to the Company's knowledge, threatened, against the Company or any Subsidiary by any Person regarding the use or ownership of any Company Intellectual Property, or challenging or questioning the validity or enforceability of any Company Intellectual Property.

(f) The Company has taken reasonable steps to prevent the unauthorized disclosure or use of its material trade secrets and confidential information. The Company has a policy requiring all employees and third party contractors with access to trade secrets and confidential information, or who assist with the development of Company Intellectual Property, to execute confidentiality and assignment agreements.

(g) Except as set forth on Schedule 2.13(g), none of the software owned by the Company or any Subsidiary has been distributed in conjunction with any open source, community source, shareware, freeware or other code in a manner that would result in such software being covered by the GNU General Public License or any other similar licensing regime that would require the Company to disclose and distribute its own source code.

(h) Schedule 2.13(h) includes a list of all material unregistered trademarks currently used by the Company or any Subsidiary along with the duration of continuous use and the geographic scope of such use.

2.14. Warranty Claims. There are no material written claims pending against the Company or any Subsidiary alleging any material defects in the Company's or any Subsidiary's products, or alleging any material failure of the products of the Company or any Subsidiary to meet published specifications.

2.15. Customers and Vendors. Schedule 2.15 hereto sets forth a list of (a) each customer of the Company who accounted for at least $250,000 of the Company's consolidated gross sales for the twelve month period ending December 31, 2009, and (b) the top twenty vendors based on the aggregate dollar amount of purchases of vendor product by the Company (on a consolidated basis) during such fiscal year. No such customer or vendor has informed the Company in writing or, to the Company's knowledge, orally that it intends to terminate its business relationship with the Company.

2.16. Compliance with Legal Requirements. The Company and its Subsidiaries are and, since January 1, 2007 have been, in compliance with all Legal Requirements (except as to Taxes, as to which Section 2.18 only applies, to Benefit Plans, as to which Section 2.21 only applies, and to Environmental Laws, as to which Section 2.22 only applies), except where non-compliance would not have a Company Material Adverse Effect. Except as set forth on Schedule 2.16, since January 1, 2007, neither the Company nor any Subsidiary has received any written notice from any Governmental Authority alleging any violation of any Legal Requirement. As used herein, the term "Legal Requirements" means, with respect to any Person, all foreign, federal, state and local statutes, laws, ordinances, judgments, decrees and orders and all governmental rules and regulations applicab le to such Person.

2.17. Licenses and Permits. Schedule 2.17 hereto sets forth a list of all licenses, permits and authorizations of Governmental Authorities held by the Company and each Subsidiary (except for licenses, permits and authorizations relating to Taxes, as to which Section 2.18 only applies and/or Environmental Laws, as to which Section 2.22 only applies) (collectively, the "Authorizations"). The Authorizations are in full force and effect. The Company and each of its Subsidiaries comply in all material respects with the Authorizations. To the knowledge of the Company, no Governmental Authority has threatened the suspension or cancellation of any Authorization.

2.18. Taxes. The representations and warranties set forth in this Section 2.18 are subject in all respects to the qualifications and disclosures set forth on Schedule 2.18.

(a) As used herein,

"Tax" or "Taxes" means any and all federal, state, provincial, local, foreign and other taxes, duties and similar governmental charges in the nature of taxes (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including (A) taxes imposed on, or measured by, income, profits or gross receipts; and (B) *ad valorem*, value added, capital gains, sales, goods and services, use, real or personal property, franchise, capital stock, license, branch, payroll, estimated withholding, employment, social security (or similar), unemployment, compensation, severance, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes, and customs duties.

“Tax Returns” means all reports, estimates, declarations of estimated Tax, information statements and returns relating to Taxes and any schedules attached to or amendments of any of the foregoing.

(b) The Company has made available to the Buyer true and correct copies of the Tax Returns of the Company and its Subsidiaries for all open taxable years. All such Tax Returns are true and correct in all material respects. The Company and its Subsidiaries have paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable other than those not yet delinquent or being contested in good faith. The Company has in effect an election pursuant to Section 754 of the Code. The Companies and its Subsidiaries have not elected to be taxed as associations taxable as corporations.

(c) Neither the Company nor any Subsidiary has any currently effective waiver that would have the effect of extending any applicable statute of limitations in respect of any of its Tax liabilities. The Company does not know of any unpaid assessment against the Company or any Subsidiary of any Taxes for any fiscal period or of any pending or threatened tax examination or audit by any taxing authority.

(d) No Governmental Authority has given written notice of any intention to assert any deficiency or claim for additional Taxes against the Company or any of its Subsidiaries. All Taxes that the Company and each Subsidiary is required by law to withhold or to collect for payment have been duly and timely withheld and collected and, to the extent required, timely paid to the proper Governmental Authority. There are no Tax Liens pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary, other than Permitted Liens. Other than the LLC Agreement, there are no outstanding tax-sharing agreements between the Company and any Subsidiary or other Person. In accordance with the provisions of Section 7.10(a) hereof, effective upon the Closing, the LLC Agreement shall be terminated in its entirety, and accordingly there will be no Tax liability under the LLC Agreement as of the Closing that could be imposed upon any of the Company, its Subsidiaries and the Buyer. Neither the Company nor any Subsidiary is liable for the Taxes of any other Person, other than withholding Taxes arising in the ordinary course of business.

2.19. Litigation. Except as disclosed on Schedule 2.19, there is no Action pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary. As of the date of this Agreement, neither the Company nor any Subsidiary has current plans to initiate any action, arbitration, litigation or proceeding against another Person. As used herein, the term “Action” means any claim, action, suit, proceeding (including any arbitration proceeding) or investigation (but in the case of an investigation, only if such investigation is by a Governmental Authority).

2.20. Employees and Compensation.

(a) The employees of the Company or any Subsidiary are not represented by any union and, to the knowledge of the Company, there is no labor strike, slowdown, stoppage or organizational effort pending or threatened against the Company or any Subsidiary.

(b) Schedule 2.20(b) sets forth (i) a true and correct list of the name and current annual salary of each officer or employee of the Company or any Subsidiary and (ii) the total cash compensation paid to each such officer or employee for the most recently completed fiscal year.

2.21. Benefit Plans.

(a) Schedule 2.21 hereto sets forth all employee benefit plans and arrangements (including plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) currently maintained by the Company or any Subsidiary for the general benefit of their employees, or previously maintained by the Company or any Subsidiary for the general benefit of their employees with respect to which the Company or any Subsidiary has any liability (the “Benefit Plans”).

(b) With respect to each Benefit Plan, the Company has made available to the Buyer true and complete copies of the following documents, if applicable: (i) any and all plan documents and agreements, and all amendments thereto; (ii) any and all outstanding summary plan descriptions and material modifications thereto; (iii) the most recently filed IRS Form 5500 annual report; (iv) the most recent determination letter received from the Internal Revenue Service with respect to each Benefit Plan intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended (the “Code”), and (v) the most recent annual and periodic accounting of plan assets.

(c)

Except as set forth on Schedule 2.21, with respect to each Benefit Plan: (i) such plan has been administered in accordance with its terms and all Legal Requirements in all material respects; (ii) no breach of fiduciary duty has occurred with respect to which the Company, any Subsidiary or any Benefit Plan could reasonably be expected to have any material liability; (iii) no material disputes nor any audits by any Governmental Authority are pending or, to the knowledge of the Company, threatened; (iv) no non-exempt "prohibited transaction" (within the meaning of either Section 4975(c) of the Code or Section 406 of ERISA) has occurred with respect to which the Company, any Subsidiary or any Benefit Plan would have any material liability; and (v) no Benefit Plan is subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

(d) Except as set forth on Schedule 2.21, the consummation of the transactions contemplated by this Agreement will not (i) accelerate the time of payment or vesting under any Benefit Plan or (ii) increase the amount of compensation or benefits due to any individual under any Benefit Plan.

(e) To the knowledge of the Company, no fact or event has occurred since the date of any IRS determination letter referred to above in Section 2.21(b)(iv) for any Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code that would materially and adversely affect the ability of the Company or any Subsidiary to rely on such determination letter. None of the Benefit Plans are intended to satisfy the requirements of Section 501(c)(9) of the Code.

(f) Except as set forth on Schedule 2.21(f), no Benefit Plan provides medical, surgical, hospitalization, death or similar benefits (whether or not insured) for employees or former employees of the Company for periods extended beyond their retirement or other termination of service other than coverage mandated by any Legal Requirement.

(g) The terms of each of the Benefit Plans which is a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code (and associated Treasury Department guidance, including the applicable requirements of all transition guidance (collectively, "Guidance")) comply with Section 409A of the Code (and associated Guidance), and each such "nonqualified deferred compensation plan" has been operated in compliance with Section 409A of the Code (and associated Guidance). Neither the Company nor any Subsidiary or ERISA Affiliate has any obligation to indemnify any participant of any Benefit Plan for any taxes imposed under Section 409A of the Code.

(h) To the extent permitted by applicable law and the applicable Benefit Plan, each Benefit Plan can be amended or terminated at any time, without consent from any other party and without liability other than for benefits accrued as of the date of such amendment or termination (other than charges incurred as a result of such termination).

(i) None of the Company, any Subsidiary, or any ERISA Affiliate has incurred any liability, or is reasonably expected to incur any liability, under Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code, including any liability under Section 4069 or Section 4212(c) of ERISA. "ERISA Affiliate" means any entity with which the Company or any Subsidiary would be deemed to be a single employer under Section 414(b),(c),(m) or (o) of the Code, or Section 4001 of ERISA.

(j) No event has occurred that presents a material risk that any Benefit Plan that is intended to be qualified under Code Section 401(a) has experienced a partial termination within the meaning of Code Section 411(d)(3).

2.22. Environmental Laws. Each of the representations and warranties set forth in this Section 2.22 is made to the Company's knowledge only and is subject in all respects to the further qualifications and disclosures set forth on Schedule 2.22.

(a) For purposes of this Agreement, the following definitions shall apply:

(i) "Environment" shall mean soil, surface waters, groundwaters, land, surface or subsurface strata and ambient air.

(ii) "Environmental Claim" shall mean any litigation, proceeding, order, directive, summons, complaint, citation or notice of violation from any Governmental Authority relating to Environmental Laws or Hazardous Substances.

(iii) "Environmental Laws" shall mean all foreign, federal, provincial, state and local statutes, regulations, rules and ordinances relating to pollution, Hazardous Substances or the discharge of materials into the Environment.

(iv) “Hazardous Substances” shall mean any substance which is a “hazardous substance”, “hazardous waste”, “toxic substance”, “toxic waste”, “pollutant”, “contaminant” or words of similar import under any Environmental Law.

(b) The operations of the Company and its Subsidiaries comply with all applicable Environmental Laws, except where noncompliance would not have a Company Material Adverse Effect.

(c) The use, handling, manufacture, treatment, processing, storage, generation, release, discharge and disposal of Hazardous Substances by the Company and its Subsidiaries comply with all applicable Environmental Laws, except where noncompliance would not have a Company Material Adverse Effect.

(d) The Company and each Subsidiary has obtained all material permits, licenses and authorizations required under applicable Environmental Laws, and the operations of the Company and its Subsidiaries comply with the terms and conditions of such required permits, licenses and authorizations, except where noncompliance would not have a Company Material Adverse Effect.

(e) There are no pending or, to the knowledge of the Company, threatened Environmental Claims against the Company or any Subsidiary.

2.23. Insurance. The Company and its Subsidiaries are currently insured under the insurance policies listed on Schedule 2.23. The Company and the Subsidiaries comply in all material respects with the terms and provisions of such insurance policies. Except as disclosed on Schedule 2.23, as of the date of this Agreement, there are no pending claims under any such insurance policy as to which the respective insurers have denied coverage, and all claims have been timely made. All premiums due to date under such policies have been paid.

2.24. Affiliate Transactions. Except for employment relationships and the payment of compensation and benefits in the ordinary course of business and except as otherwise disclosed on Schedule 2.24, none of the Company or its Affiliates and their respective officers, directors, employees or Affiliates (other than the Company and its Subsidiaries) or, to the knowledge of the Company, any individual related by blood, marriage or adoption to any such Person, or any entity in which such Person has a beneficial interest, has been involved in any material business arrangement or relationship with the Company or its Subsidiaries within the past twelve (12) months, or is a party to any contract, understanding or commitment with the Company or its Subsidiaries, and none of the Company’s Affiliates (other than the Company and its Subsidiaries) owns or has any interest in any asset, tangible or intangible, which is used in the Business.

2.25. Brokers. Except for William Blair & Company, LLC, neither the Company nor any Subsidiary has dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and the Company and its Subsidiaries are under no obligation to pay any broker’s fee, finder’s fee or commission in connection with the consummation of the transactions contemplated by this Agreement as a result of any agreement of the Company or any Subsidiary.

ARTICLE III
REPRESENTATIONS AND WARRANTIES CONCERNING EACH SELLER

Each Seller severally, but not jointly, represents and warrants solely as to such Seller (and not as to any other Seller) that each of the statements contained in Sections 3.1 through 3.4 and Sections 3.6 through 3.7 is true and correct as of the date such Seller executes and delivers a signature page to this Agreement and as of the Closing Date. Except for the representations and warranties expressly set forth in this ARTICLE III, no Seller makes any other representation or warranty (either express or implied).

3.1. Title. Such Seller (other than Bain) owns the Units reflected as being owned by such Seller on Schedule 2.7, free and clear of any and all Liens other than restrictions on transfers under applicable securities laws and the LLC Agreement or as otherwise set forth on Schedule 2.7.

3.2. Authority. If an individual, such Seller is legally competent to execute and deliver this Agreement. If not an individual, such Seller has the organizational power to enter into this Agreement and such Seller’s execution and delivery of this Agreement has been duly authorized by all necessary organizational action.

3.3. No Conflict. Such Seller’s execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with or constitute a material default under any charter, by-law, organizational document, Legal Requirement, contract, agreement or instrument to which such Seller is a party or by which such Seller is bound.

3.4. Enforceability. This Agreement is the valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and by laws related to the availability of specific performance, injunctive relief or other equitable remedies.

3.5. Bain Blocker. In addition to its representations set forth in Sections 3.2 through 3.4 above and Sections 3.6 and 3.7 below, Bain severally, and not jointly, represents and warrants to the Buyer that it owns all of the outstanding capital stock in the Bain Blocker as set forth on Schedule 3.5 and that except as set forth on Schedule 3.5, or in this Agreement, any other agreement related to the transactions contemplated hereby, or the Company Charter Documents, (a) the Bain Blocker is a holding company and has never engaged in any business other than incident to its ownership of Units and membership in the Company, (b) the Bain Blocker does not own any assets other than cash and the Units owned by the Bain Blocker, and (c) all of the Bain Blocker's obligations or liabilities (whether accrued, absolute, contingent, or otherwise, whether or not known t o Bain or the Bain Blocker, whether due or to become due and regardless of when or by whom asserted) will be satisfied and discharged as of the Closing ("Covered Liabilities"), other than with respect to Taxes; and with respect to Taxes, all of the Bain Blocker's liabilities for Taxes will be Covered Liabilities, other than Taxes that are not yet due and payable. The Bain Blocker owns the Units reflected as being owned by Bain Blocker on Schedule 2.7, free and clear of any and all Liens other than restrictions on transfers under applicable securities laws and the LLC Agreement.

3.6. Litigation. There is no Action pending, or, to such Seller's knowledge, threatened to be brought against such Seller before any Government Authority that seeks to question, delay or prevent the consummation of the transactions contemplated hereby by such Seller.

3.7. Brokers. Such Seller has not dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and such Seller is not under any obligation to pay any broker's fee, finder's fee or commission in connection with the consummation of the transactions contemplated by this Agreement as a result of any agreement of such Seller.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES CONCERNING THE BUYER

The Buyer represents and warrants to the Company, the Agent and the Sellers that each of the statements contained in this ARTICLE IV is true and correct. Except for the representations and warranties expressly set forth in this ARTICLE IV, Buyer makes no other representation or warranty (either express or implied).

4.1. Organization, Power and Standing. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, with all requisite power and authority to own its properties and to carry on its business as such business is now conducted.

4.2. Power and Authority; No-Conflict. The Buyer has full power and authority and has taken all action necessary to permit it to execute and deliver and to carry out the terms of this Agreement and all other agreements, instruments and documents of the Buyer required hereby and none of such actions will result in any violation of, be in conflict with or constitute a default under any charter, by-law, organizational document, Legal Requirement, contract, agreement or instrument to which the Buyer is a party or by which the Buyer or any of its assets is bound.

4.3. Consents and Approvals. Except as set forth on Schedule 4.3 and except for applicable filings under the HSR Act, no consent, order, approval, authorization, declaration or filing from or with any Governmental Authority or third party is required on the part of the Buyer for the execution, delivery and performance of this Agreement or any other agreement, instrument or document contemplated hereby by the Buyer or for the consummation of the transactions contemplated herein or therein.

4.4. Validity and Enforceability. This Agreement constitutes, and each other agreement, instrument and document of the Buyer contemplated hereby will be when executed and delivered by Buyer, the valid and legally binding obligation of the Buyer, enforceable against it in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and by laws related to the availability of specific performance, injunctive relief or other equitable remedies.

4.5.

Brokers. Except as set forth on Schedule 4.5, the Buyer has not dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and Buyer is not under any obligation to pay any broker's fee, finder's fee, commission or similar amount in connection with the consummation of the transactions contemplated by this Agreement.

4.6. Financial Ability. The Buyer has the financial capability to consummate the transactions contemplated by this Agreement, and the Buyer understands that the Buyer's obligations hereunder are not in any way contingent or otherwise subject to (a) the consummation of any financing arrangements or obtaining the Financing or any other financing or (b) the availability of the Financing or any other financing to Buyer or any of its Affiliates.

4.7. No Other Agreements. Except for the agreements expressly contemplated hereby, none of the Buyer or any of its Affiliates has any other agreements, arrangements or understandings with any director, officer, employee, consultant, stockholder or Affiliate of the Company or any Subsidiary in respect of the transactions contemplated hereby.

4.8. Litigation. There is no Action pending, or, to the knowledge of Buyer, threatened to be brought against the Buyer before any Government Authority that seeks to question, delay or prevent the consummation of the transactions contemplated hereby by the Buyer.

4.9. Independent Investigation; No Other Representations or Warranties of the Sellers or the Company. The Buyer agrees that the only representations and warranties of the Sellers and the Company are those explicitly set forth in this Agreement. Without limiting the generality of the foregoing, the Buyer agrees that no representation or warranty, express or implied, is made with respect to any financial projections or budgets that have been provided or otherwise made available to the Buyer or its lending sources for the Financing. The Buyer further covenants, acknowledges and agrees that it (a) has made its own investigation into, and based thereon has formed an independent judgment concerning, the Company and its business, (b) has been given adequate access to such information about the Company and its business as the Buyer has reasonably requested, and (c) will not assert any claim agains t any Seller or any of their respective partners, directors, officers, employees, advisors, agents, stockholders, consultants, investment bankers, brokers, representatives or controlling persons, or any Affiliate of any of the foregoing, or seek to hold any such Persons liable, for any inaccuracies, misstatements or omissions with respect to any information made available to the Buyer or any of its Affiliates; *provided*, however, that this Section 4.9 shall not preclude the Buyer from asserting claims for indemnification in accordance with ARTICLE VII or any other claim permitted by Section 7.8.

ARTICLE V
COVENANTS

5.1. Access to Information; Confidentiality.

(a) From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, the Company shall permit the Buyer and its representatives access, upon reasonable notice and during normal business hours, to (a) the properties, books and records of the Company and its Subsidiaries and (b) employees, advisors, consultants and other personnel of the Company and its Subsidiaries. Any such access shall at all times be managed by and conducted through those representatives of the Company identified by the Company, and shall be subject to such additional limitations as the Company may reasonably require to prevent disclosure of the transactions contemplated hereby, the disruption of the business of the Company or any Subsidiary, the disclosure of any confidential or legally privileged information, and/or the disclosure or use of any Personal Information other than in compliance with applic able privacy laws. Without limiting the generality of the foregoing, neither the Buyer nor its representatives shall disclose to any third party any information that is Personal Information unless the individual(s) to whom that Personal Information pertains has consented to that disclosure. "Personal Information" means any information in the possession or control of the Company about an identifiable individual other than the name, title or business address or telephone number of an employee.

(b) The confidentiality agreement between the Company and the Buyer dated January 11, 2010 shall remain in full force and effect and the Buyer and its Affiliates and representatives shall continue to comply with the provisions of such agreement. This Agreement and all information made available to the Buyer and its Affiliates and representatives shall be subject to such confidentiality agreement. If this Agreement is terminated for any reason, the duration of the confidentiality, non-solicitation and no-hire provisions of the confidentiality agreement shall be deemed extended, without any further action by the parties, for a period of time equal to the period of time elapsed between the date such confidentiality agreement was initially signed and the date of termination of this Agreement.

5.2. Conduct of Business. From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, except as set forth on Schedule 5.2, as otherwise contemplated by this Agreement or required by any Legal Requirement, or as consented to in writing by the Buyer (which consent will not be unreasonably withheld, delayed or conditioned), the Company shall comply with the following covenants:

(a) Required Actions. The Company shall, and shall cause each Subsidiary to:

(i) maintain its legal existence; and

(ii) conduct the Business only in the ordinary course consistent with past practice.

(b) Prohibited Actions. The Company shall not, and shall not permit any Subsidiary to, do any of the following:

(i) effect any change to the Company Charter Documents or the respective organizational documents of the Subsidiaries (except as otherwise contemplated by this Agreement);

(ii) acquire, lease, license or dispose of any properties or assets, except in the ordinary course of business consistent with past practice;

(iii) incur any indebtedness for borrowed money, other than in the ordinary course of business;

(iv) subject any of its properties or assets to any Lien, other than Permitted Liens;

(v) in the case of the Company only, make any non-cash dividend or distribution or, except as required by the terms of existing Units, issue, repurchase or redeem any shares or any options, warrants, convertible or exchangeable securities or other rights to acquire limited liability company interests of the Company;

(vi) modify or amend in any material respect or cancel or terminate any Material Contract, other than in the ordinary course of business consistent with past practice;

(vii) make any change in its Tax or accounting practices, other than any change required by GAAP or any Legal Requirement;

(viii) make any change to any Tax Return, other than any change required by any Legal Requirement;

(ix) acquire any business, whether by merger, amalgamation or consolidation, purchase of assets or equity interests or any other manner;

(x) make any capital expenditures other than capital expenditures in the ordinary course of business consistent with past practice or contemplated by the Company's existing budget;

(xi) make any increase in the cash compensation of any employee, other than (A) any change required by any Legal Requirement or any contract, agreement or arrangement listed on a Schedule hereto and (B) the Sale Bonuses;

(xii) make any material change to any of the Benefit Plans, other than any changes in the ordinary course of business or required by any Legal Requirement; or

(xiii) commit to do any of the foregoing.

5.3. Exclusivity. From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, the Company and its Affiliates will not, directly or indirectly, (a) solicit any competing offers for the acquisition of the Company and its Subsidiaries, or the sale of all or any substantial portion of the assets or business of the Company and its Subsidiaries, whether by merger, amalgamation, sale of assets or securities, or any other form of transaction, (b) negotiate with respect to any unsolicited offer or indication of interest with respect to any such transaction, or (c) provide confidential information to any potential buyer in connection with any such transaction. From the date of this Agreement until the Closing Date or earlier termination of this Agreement, no Seller will sell or otherwise transfer, or grant any option to purchase, any of such Seller's Purchased Securities to a third party.

5.4. Third Party Consents and Governmental Approvals. From the date of this Agreement until the Closing Date or the earlier termination of this Agreement:

(a) The Buyer and the Company shall cooperate fully and use their best efforts to obtain all third party consents which are listed on <u>Schedule 2.5</u> and marked with an asterisk as promptly as practicable.

(b) Promptly following the date of execution of this Agreement (and, in any event, within five (5) business days) the parties shall make or cause to be made any and all required filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and will request early termination of the waiting period required under the HSR Act. The parties agree to cooperate and promptly respond to any inquiries or investigations initiated by the Federal Trade Commission or the Department of Justice in connection with any such filings. The Buyer will be responsible for the payment of all filing fees with the Federal Trade Commission or the Department of Justice associated with obtaining such approvals.

(c) The Buyer will not, and will not permit any of its Affiliates to, take any action or consummate any transaction if the intent or reasonably anticipated consequence of such action or transaction would be to prohibit, delay or impair the parties from obtaining any approval or consent required by this Agreement.

5.5. Further Assurances. From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, the parties agree to act in good faith and use all commercially reasonable efforts to satisfy the conditions specified in this Agreement necessary to consummate the transactions contemplated hereby.

5.6. Updates to Schedules.

(a) The Company shall have the right to supplement the Schedules to this Agreement (each such supplement, a "Disclosure Supplement") prior to the Closing to disclose any information, event, action or omission which has arisen or occurred subsequent to the time of signing of this Agreement which (i) if this Agreement were signed on the Closing Date, would be required to be disclosed pursuant to this Agreement in order to make the Company's representations and warranties contained herein true and not misleading, or (ii) causes or constitutes a breach of any such representation or warranty contained in Article II, or would constitute a breach of any representation or warranty if again made at or subsequent to the time the Disclosure Supplement in question is delivered to the Buyer.

(b) To the extent that the existence of any matter set forth in any Disclosure Supplement which was not disclosed at the time of the signing of this Agreement (each, a "New Matter") would cause the condition specified in Section 6.1(a) to not be satisfied as of Closing, the Buyer shall have the right (i) to terminate this Agreement by written notice to the Company within five (5) business days after receipt of any Disclosure Supplement which includes such New Matter, but prior to the Closing Date, or (ii) to consummate the transactions contemplated by this Agreement. To the extent that the Buyer elects to consummate the transactions contemplated by this Agreement, the delivery of any Disclosure Supplement by the Company shall not affect any of the Buyer's rights or remedies under Article VII hereof; *provided*, that to the extent that the Buyer consummates the transactions contemplated by this Agreement, with respect to any New Matter which arises or results from the announcement or pendency of the transactions contemplated by this Agreement or is attributable to the fact that the Buyer or any of its Affiliates are the prospective owners of the Company (a "Market Reaction New Matter"), all relevant Schedules to this Agreement shall be deemed amended and supplemented as of the Closing Date by the information set forth in each Disclosure Supplement which relates to a Market Reaction New Matter, and each of the representations and warranties of the Company made in this Agreement and the certificate delivered under Section 6.1(c) hereof shall be deemed qualified by all such information as of the Closing Date.

5.7. Tax Matters.

(a) Tax Returns. As a result of the purchase by the Buyer of the Purchased Securities at the Closing, the taxable year of the Company will close for federal income tax purposes at the end of the day on the Closing Date in accordance with Section 708 of the Code and the regulations thereunder. The Company shall not engage in any transactions on the Closing Date after the Closing outside the ordinary course of business other than the transactions contemplated by this Agreement. The Sellers, the Company, the Bain Blocker and the Buyer shall (a) treat and report the transactions contemplated by this Agreement in all respects consistently with the provisions of this Agreement for purposes of any federal, state, local, or foreign Tax, and (b) not take any actions or positions inconsistent with the obligations of the parties set forth herein. All Tax Returns of the Bain Blocker, the C ompany and/or any of its Subsidiaries for any

period or partial period ending on or prior to the Closing Date, or which includes but does not end on the Closing Date, shall be prepared and filed in a manner consistent with the past practice of the Bain Blocker, the Company and its Subsidiaries, as the case may be, except as otherwise required by any Legal Requirement. The federal income tax return of the Company for its taxable year ending on the Closing Date shall include a protective election under Section 754 of the Code, including the statement required by Treas. Reg. §1.743-1(k)(1) in the form prepared by the Agent. The Company shall permit the Agent and its representatives to review and comment on each Tax Return of the Company and/or any of its Subsidiaries filed pursuant to this Section at least thirty (30) days prior to the filing date and shall make such revisions to such Tax Returns as are reasonably requested by Agent and its representatives. After the Closing, al l refunds or other amounts received or receivable by the Buyer, the Company or any Subsidiary in respect of Taxes paid prior to the Closing or in respect of any period or partial period ending on or prior to the Closing shall be paid by the Buyer or the Company to the Agent for the benefit of the Sellers to the extent such refunds or other amounts received or receivable are not otherwise included in the calculation of Closing Working Capital. No such amounts shall be used or applied to pay Taxes which may be due in respect of any subsequent period. Except as required by any Legal Requirement, neither the Buyer nor the Company shall amend the Tax Returns of the Company or any Subsidiary in respect of Taxes paid prior to the Closing or in respect of any period or partial period ending on or prior to the Closing Date without the prior written consent of the Agent. Bain shall prepare and file (including any such Tax Return due after the Closing Date) each Tax Return of the Bain Blocker for all Tax periods ending on or prior to the Closing Date and shall pay any Taxes shown to be due thereon. The Buyer shall prepare each Tax Return of the Bain Blocker for Tax periods that include, but do not end on, the Closing Date ("Straddle Periods"). The Buyer shall permit Bain and its representatives to review and comment on each Straddle Period Tax Return prepared by Buyer pursuant to this Section at least thirty (30) days prior to filing date and shall make such revisions to such Tax Returns as are reasonably requested by Bain and its representatives. Bain shall pay the portion of the Tax shown as due on such Tax Returns attributable to the pre-Closing portion of such Straddle Period (determined in accordance with Section 5.7(e) below). After the Closing, all refunds or other amounts received or receivable by the Bain Blocker in respect of Taxes paid with respect to a Tax period ending on or prior to the Closing Date or the pre-Closing portion of a Straddle Period sha ll be paid (or caused to be paid) by the Buyer to Bain. No such amounts shall be used or applied to pay Taxes which may be due in respect of any subsequent period. Except as required by any Legal Requirement, neither the Buyer nor the Bain Blocker shall amend the Tax Returns of the Bain Blocker in respect of Tax periods ending on or prior to the Closing Date or a Straddle Period without the prior written consent of Bain.

(b) Cooperation on Tax Matters. The Company and the Buyer shall give prompt written notice to the Agent of any audit or examination with respect to Taxes for any period or partial period ending on or prior to the Closing Date. The Company, the Bain Blocker, the Buyer, the Sellers and the Agent shall cooperate fully, to the extent reasonably requested by the others, in connection with the preparation, filing, and/or review of Tax Returns pursuant to Section 5.7 of this Agreement or otherwise, and any audit, examination, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon another party's request) the provision of records and information which are reasonably relevant to any such Tax Return, audit, examination, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional in formation and explanation of any material provided or made available hereunder.

(c) Control of Audits of the Company and its Subsidiaries. Except as set forth on Schedule 5.7(c), in the case of any audit, examination, claim for refund, or administrative or judicial proceeding involving any asserted Tax Liability or refund of the Company or any of its Subsidiaries (each a "Contest"), that relates to any period or partial period ending on or prior to the Closing Date, the Agent shall control the conduct of such Contest, but the Company shall have the right to participate in such Contest at its own expense, and the Agent shall not settle, compromise, and/or concede any portion of such Contest that could affect the Tax liability of the Company or its Subsidiaries for any taxable period or portion thereof after the Closing Date without the written consent of the Company (which shall not be unreasonably withheld). In the event of any conflict of the provi sion of this Section and the provisions of Article VII, this Section shall control.

(d) Control of Audits of the Bain Blocker. In the case of any audit, examination, claim for refund, or administrative or judicial proceeding involving any asserted Tax Liability or refund of the Bain Blocker (each a "Bain Blocker Contest"), that relates to any period or partial period ending on or prior to the Closing Date, Bain shall control the conduct of such Bain Blocker Contest, but the Buyer shall have the right to participate in such Bain Blocker Contest at its own expense, and Bain shall not settle, compromise, and/or concede any portion of such Bain Blocker Contest that could affect the Tax liability or the Tax attributes of the Bain Blocker for any taxable

period or portion thereof after the Closing Date without the written consent of the Buyer (which shall not be unreasonably withheld). With respect to any Bain Blocker Contest with respect to a Tax Liability or refun d of Bain Blocker that relates to any Straddle Period (as defined below), Bain and the Buyer shall jointly control the conduct of such Bain Blocker Contest, and neither party shall settle, compromise, and/or concede any portion of such Bain Blocker Contest without the written consent of the other (which shall not be unreasonably withheld). In the event of any conflict of the provision of this Section and the provisions of ARTICLE VII, this Section shall control.

(e) Bain Blocker Straddle Period Allocation Principles. For purposes of determining the liability of Bain Blocker for Taxes under this Agreement, in the case of any Straddle Period, the amount of any Taxes of the Bain Blocker based upon or measured by net income or gain which relate to the pre-Closing portion of such Tax Period will be determined based on an interim closing of the books as of the close of business on the Closing Date; *provided*, that exemptions, allowances or deductions that are calculated on an annual basis (such as deductions for depreciation and real estate taxes) will be apportioned between the pre-Closing and post-Closing portions of such Straddle Period. The amount of Taxes of the Bain Blocker other than Taxes of Bain Blocker based upon or measured by net income or gain for a Straddle Period which relate to the portion of the Straddle period ending with the Closing Date will be deemed to be the amount of such Tax for the entire Taxable period multiplied by a fraction, the numerator of which is the number of days in the portion of the Taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period.

(f) The Company and its Subsidiaries’ Straddle Period Allocation Principles. For purposes of determining the liability of the Company and its Subsidiaries for Taxes for any Straddle Period, the amount of any Taxes based upon sales, net income or other transaction related Taxes will be determined based on an interim closing of the books as of the close of business on the Closing Date. The amount of other Taxes of the Company and its Subsidiaries which relate to the portion of the Straddle Period ending with the Closing Date will be deemed to be the amount of such Tax for the entire Taxable period multiplied by a fraction, the numerator of which is the number of days in the portion of the Taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period.

5.8. Directors’ and Officers’ Indemnification and Insurance.

(a) In the event of any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative (each, a “Proceeding”), in which any Person who is now, or has been at any time prior to the Closing, a manager, director, officer or Affiliate of the Company or any of its Subsidiaries (the “Indemnified Persons”) is, or is threatened to be, made a party or witness thereto based in whole or in part on the fact that such Person is or was a manager, director, officer or Affiliate of the Company or any of its Subsidiaries, whether in any case asserted or arising before, on or after the Closing Date, the Company and its Subsidiaries shall, to the fullest extent permitted by law, indemnify and hold harmless such Indemnified Person from and against any and all losses, claims, damages, liabilities, costs, expenses (including reasonable attorneys’ fees and expenses in advance of the final disposition of any Proceeding to each Indemnified Person to the fullest extent permitted by law), judgments, fines and amounts paid in settlement incurred in connection with or arising out of such Proceeding.

(b) An Indemnified Person shall notify the Company of the existence of a Proceeding for which such Indemnified Person is entitled to indemnification hereunder as promptly as reasonably practicable after such Indemnified Person learns of such Proceeding; *provided*, that the failure to so notify shall not affect the obligations of the Company and its Subsidiaries under this Section 5.8 except and then solely to the extent such failure to notify actually prejudices the Company. The Indemnified Person and the Company and its Subsidiaries shall cooperate fully with each other in connection with the defense of any Proceeding. No settlement of a Proceeding may be made by the Company or any Subsidiary without the Indemnified Person’s consent, except for a settlement which requires no more than a monetary payment for which the Indemnified Person is fully indemnified and which does not require the ad mission of liability.

(c) The Buyer shall, or shall cause the Company to, maintain the Company’s existing directors’ and officers’ liability insurance or purchase a so-called “tail” for such directors’ and officers’ liability insurance, in each case covering Persons who are currently covered by such insurance on terms no less favorable than those in effect on the date hereof for a period of at least six (6) years after the Closing.

(d) The provisions of this Section 5.8 are intended to be for the benefit of, and enforceable by, each Indemnified Person and such Indemnified Person’s estate, heirs and

representatives, and nothing herein shall affect any indemnification rights that any Indemnified Person or such Indemnified Person's estate, heirs and representatives may have under the Company Charter Documents, the respective organizational documents of the Subsidiaries, any Legal Requirement, any contract or otherwise.

(e) The obligations of the Company and its Subsidiaries under this Section 5.8 shall continue in full force and effect for a period commencing as of the Closing and ending as of the later of (i) the six (6) year anniversary of the Closing and (ii) the date that all applicable statute of limitation periods have expired for any claim or claims for which an Indemnified Person may be entitled to indemnification under this Section 5.8; *provided*, that all rights to indemnification in respect of any claim for indemnification under this Section 5.8 asserted or made within such period shall continue until the final disposition of such claim.

5.9. Books and Records. After the Closing, the Agent and its accountants, lawyers and representatives shall be entitled at all reasonable times to have access to and to make copies of the books and records and other information of the Company or any of its Subsidiaries for any purpose relating to the Sellers' ownership of the Company or any of its Subsidiaries prior to the Closing including the preparation of Tax Returns. In the event of any litigation or threatened litigation between the parties relating to this Agreement or the transactions contemplated hereby, the covenants contained in this Section 5.9 shall not be considered a waiver by any party of any right to assert the attorney-client privilege or any similar privilege.

5.10. Employee Compensation and Benefit Plans. For a period of one year after the Closing, except for any equity incentive plans, the Buyer shall cause the Company and its Subsidiaries to maintain employee benefit and compensation plans, programs, policies and arrangements (collectively, the "Buyer's Plans") which, in the aggregate, will provide compensation and benefits to the employees of the Company and its Subsidiaries substantially similar in all material respects, in the aggregate, to those provided pursuant to the plans, programs, policies and arrangements of the Company and its Subsidiaries in effect on the date of this Agreement (collectively, the "Company Plans"); *provided*, that nothing herein shall interfere with the Company's or any Subsidiary's right or obligation to make such changes to such plans, programs, policies or arrangements as are necessary to conform with applicable Legal Requirements. To the maximum extent permitted by law, for the purposes of any of the Buyer's Plans for which eligibility or vesting of benefits depends on length of service, and for any vacation or paid time off program for which the amount or level of benefits depends on length of service, the Buyer shall give (or cause to be given) to each employee full credit for past service with the Company and/or its Subsidiaries as of and through the Closing Date under the Company Plans ("Prior Service"). In addition, and without limiting the generality of the foregoing, each employee (a) shall be given credit for Prior Service for purposes of eligibility to participate, satisfaction of any waiting periods, evidence of insurability requirements, or the application of any pre-existing condition limitations, (b) shall be given credit for amounts paid under a corresponding Company Plan during the same period for purposes of applying deduc tibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the Buyer's Plans, and (c) shall be eligible to receive under the Buyer's Plans such periods of vacation leave, sick leave, personal days, holidays and other similar periods of leave as were accrued and available to the employee under the Company Plans immediately prior to the Closing.

5.11. Financing Assistance. Prior to the Closing, the Company shall use its commercially reasonable efforts to provide to Buyer, and shall cause its Subsidiaries to, and shall use its commercially reasonable efforts to cause the respective officers, management employees and advisors (including legal and accounting) of the Company and its Subsidiaries to, provide Buyer with such cooperation and assistance as the Buyer may reasonably request in connection with the Buyer's financing for the transactions contemplated hereby (the "Financing"). For clarity, such cooperation and assistance shall be limited to (a) assisting Buyer in the preparation of definitive documentation, (b) participating in a reasonable number of meetings (including meetings with prospective lenders), and (c) furnishing Buyer with such financial information regard ing the Company and its Subsidiaries of the type customarily made available to lending sources in a transaction of this kind, but in each case only (i) to the extent reasonably requested by the Buyer and (ii) upon reasonable notice and during normal business hours. For the avoidance of doubt, none of the Company or any of its Subsidiaries shall be required or requested to (1) pay any commitment or other similar fee or incur any other cost or expense (other than the fees and expenses of its accountants and attorneys) in connection with the Financing, (2) incur any liability in connection with the Financing, or (3) execute or approve any credit or other agreements, pledge or security documents, or other certificates, legal opinions or other documents in connection with the Financing. Buyer shall, promptly upon request by the Company, reimburse the Company for all documented out of pocket costs and expenses incurred by the Company or its Subsidiaries in connection with the cooperation and assistance contemplated hereby, whether or not the Closing

occurs. The Buyer acknowledges that nothing in this Section 5.11 shall in any way limit Buyer's obligations under this Agreement in the event of a breach or inaccuracy of Section 4.6 ('*Financial Ability*') or in the event of any failure to obtain the Financing for whatever reason. Further, in no event will any Seller or any of its Affiliates (other than, after the Closing, the Company) be liable to the Buyer or any other Person for any matter relating to the Financing, including any representation, warranty, covenant, agreement, undertaking or promise made in connection with such Financing.

ARTICLE VI
CONDITIONS TO CLOSING

6.1. Conditions Precedent to the Buyer's Obligations. The obligation of the Buyer to consummate the transactions contemplated by this Agreement is expressly subject to the fulfillment or express written waiver of the following conditions on or prior to the Closing Date:

(a) Representations and Warranties True. The representations and warranties of the Company contained in ARTICLE II and of the Sellers contained in ARTICLE III shall be true and correct at the Closing Date as though made as of such date except (i) to the extent that any such representation or warranty relates to an earlier date, (ii) for changes resulting from any acts or omissions expressly required by this Agreement or consented to in writing by the Buyer, (iii) for the representations and warranties contained in Section 2.7 and Section 3.5, which shall be true and correct in all material respects, and (iv) with respect to the representations of the Company contained in ARTICLE II (except for Section 2.7 thereof), where the failure of such representations and warranties to be true and correct (whether as of the Closing or such earlier date), taken as a whole, does not cause a Company Material Advers e Effect.

(b) Covenants Performed. The Company shall have performed in all material respects, on or before the Closing Date, all obligations contained in this Agreement which by the terms hereof are required to be performed by it before the Closing Date.

(c) Compliance Certificate. The Buyer shall have received a certificate signed by an officer of the Company certifying as to the matters set forth in Sections 6.1(a) and (b) above; *provided*, that with respect to the matters set forth in Section 6.1(a), such certification shall relate only to the representations and warranties of the Company contained in ARTICLE II.

(d) Required Consents. All of the approvals and consents listed on Schedule 2.5 and marked with an asterisk shall have been obtained.

(e) No Injunction. There shall not be any order of any court or Governmental Authority restraining or invalidating the transactions which are the subject of this Agreement.

(f) Pre-Closing Deliverables. The Company shall have delivered the Estimated Purchase Price Certificate and Payment Schedule.

(g) Escrow Agreement. The Agent and the Escrow Agent shall have entered into the escrow agreement in the form of Exhibit 6.1(g) (the "Escrow Agreement").

(h) HSR Act. The waiting period under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired or been terminated.

(i) Opinions of Counsel. The Buyer shall have received (A) an opinion from Choate, Hall & Stewart LLP in the form of Exhibit 6.1(i)(A) and (B) an opinion from Ropes & Gray LLP in the form of Exhibit 6.1(i)(B), each dated as of the Closing Date.

(j) Bain Blocker Stock Certificate. Bain shall have delivered one or more original stock certificates representing all of the capital stock of Bain Blocker outstanding as of the Closing.

(k) Resignations. The Company shall have delivered resignations signed by each member of the Company's management board as of the Closing.

6.2. Conditions Precedent to the Company's and Sellers' Obligations. The obligation of the Company and the Sellers to consummate the transactions contemplated by this Agreement is expressly subject to the fulfillment or express written waiver of the following conditions on or prior to the Closing Date:

(a) Representations and Warranties True. Each of the representations and warranties of the Buyer contained in ARTICLE IV shall be true and correct in all material respects at and as of the Closing.

(b) Obligations Performed. The Buyer shall have performed in all material respects, on or before the Closing Date, all obligations contained in this Agreement which by the terms hereof are required to be performed by the Buyer on or before the Closing Date.

(c) Compliance Certificate. The Company and the Agent shall have received a certificate signed by an authorized officer of the Buyer certifying as to the matters set forth in Sections 6.2(a) and (b).

(d) Required Consents. All of the approvals and consents listed on Schedule 2.5 and marked with an asterisk shall have been obtained.

(e) No Injunction. There shall not be any order of any court or Governmental Authority restraining or invalidating the material transactions which are the subject of this Agreement.

(f) Closing Payments. The Buyer shall have made the payments contemplated by Section 1.4.

(g) Escrow Agreement. The Buyer and the Escrow Agent shall have entered into the Escrow Agreement.

(h) HSR Act. The waiting period under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired or been terminated.

ARTICLE VII
SURVIVAL; INDEMNIFICATION

7.1. Survival. The representations and warranties contained in this Agreement and in the certificates delivered at the Closing pursuant to Sections 6.1(c) and 6.2(c) shall survive the Closing until (a) with respect to the representations and warranties in ARTICLE II and in the certificate delivered pursuant to Section 6.1(c) hereof and with respect to any pre-Closing covenant or pre-Closing agreement, the 18-month anniversary of the Closing Date, *provided*, that the representations and warranties in Sections 2.18 (‘*Taxes*’) and 2.21 (‘*Benefit Plans*’) shall survive until ninety days following the expiration of the applicable statute of limitations in respect of such matters (after giving effect to any extension or waivers thereof), and the representations and warranties in Section 2.22 (‘*Environmental Laws*’) shall survive until the third anniversa ry of the Closing Date, and (b) with respect to the representations and warranties in (i) Sections 2.1 (‘*Organization, Power and Standing*’), 2.4 (‘*Due Authorization*’), 2.6 (‘*Validity and Enforceability*’), 2.7 (‘*Capitalization*’) and 2.25 (‘*Brokers*’), (ii) ARTICLE III, (iii) ARTICLE IV and (iv) the certificate delivered pursuant to Section 6.2(c), the expiration of all applicable statutes of limitations (in each case, as applicable, the “Cut-Off Date”). No claim for breach of any representation, warranty, pre-Closing covenant or pre-Closing agreement may be brought after the applicable Cut-Off Date, except for any claim (x) of which the Agent has been notified in writing with reasonable specificity by the Buyer prior to the applicable Cut-Off Date, (y) of which the Buyer has been notified in writing with reasonable specificity by the Agent prior to the applicable Cut-Off Date, or (z) that is brought by the indemnifying party during the Response Period as a counterclaim to a claim brought in accordance with clause (a) or (b) above. The post-Closing covenants and agreements contained in this Agreement shall survive in accordance with their respective terms.

7.2. Indemnification of the Buyer for matters relating to the Company. Subject to the other terms of this ARTICLE VII, from and after the Closing, each Seller shall severally, but not jointly, indemnify and hold the Buyer and its Affiliates (the “Buyer Indemnified Parties”) harmless from all Losses incurred by them that that arise or result from: (a) any breach or inaccuracy of any of the representations or warranties contained in ARTICLE II or the certificate delivered at the Closing by the Company pursuant to Section 6.1(c), or (b) the failure of the Company to perform any of its covenants or agreements contained herein that are required to be performed prior to the Closing. The Buyer’s right to make claims under this Section, however, shall be subject to the following limitations and conditions:

(i) No claim shall be made with respect to any single Loss (or series of related or similar Losses) of less than $25,000 (following which the Buyer may make a claim for such Loss or series of related or similar Losses from the first dollar); *provided*, that any Losses resulting from breaches of the representations or warranties contained in Sections 2.1 (‘*Organization, Power and Standing*’), 2.4 (‘*Due Authorization*’), 2.6 (‘*Validity and Enforceability*’), 2.7 (‘*Capitalization*’) and 2.25 (‘*Brokers*’) (collectively, the “Specified Representations”) shall not be subject to this provision.

(ii)

No claim shall be made unless the cumulative amount of Losses incurred by the Buyer Indemnified Parties (excluding Losses for which indemnification would not be available as a result of clause (i) above) exceeds $1,000,000, following which the Buyer Indemnified Parties shall be reimbursed for all such Losses from the first dollar; *provided*, that any Losses resulting from breaches of the Specified Representations shall not be subject to this provision.

(iii) The aggregate liability of the Sellers to the Buyer Indemnified Parties for Losses shall not exceed in the aggregate $22,500,000; *provided*, that any Losses resulting from breaches of the Specified Representations shall not be subject to the preceding limitation but, rather, shall be capped at an aggregate amount equal to the Purchase Price, as finally determined after the Closing pursuant to Section 1.7.

(iv) The Buyer shall not offer to compromise any claim unless the same offer is made to all of the Sellers similarly situated with respect to such claim.

(v) No claim shall be made with respect to Losses arising out of any breach or inaccuracy of the representations or warranties contained in ARTICLE II to the extent there has been a corresponding reduction in the calculation of the Purchase Price.

(vi) No Seller shall be liable for any Loss under this Section 7.2 in excess of such Seller's Pro Rata Share of each such Loss. For purposes of the Sellers' indemnification obligations under this Section 7.2, a Seller's "Pro Rata Share" shall equal the percentage set forth on the Payment Schedule opposite such Seller's name.

(vii) The Escrow Fund shall be the sole and exclusive source of payment for any and all claims for indemnification under this Section 7.2 until such time, if ever, as the Escrow Fund has been exhausted.

7.3. Indemnification of Buyer for matters relating to the Sellers. Subject to the other terms of this ARTICLE VII, from and after the Closing, each Seller shall severally, but not jointly, indemnify and hold the Buyer Indemnified Parties harmless from all Losses incurred by them that arise or result from any breach of the representations and warranties of such Seller contained in ARTICLE III of this Agreement. In no event, however, will any Seller be liable (a) for any amount in excess of the portion of the Purchase Price actually received by such Seller pursuant to this Agreement or (b) for breach of any representation or warranty made by any other Seller.

7.4. Indemnification of Sellers and Agent. Subject to the other terms of this ARTICLE VII, from and after the Closing, the Buyer shall indemnify and hold each of the Sellers, the Agent and their respective Affiliates (collectively, the "Seller Indemnified Parties") harmless from Losses incurred by them which arise or result from (a) any breach of any of the representations and warranties of Buyer contained in this Agreement or in the certificate delivered at the Closing by the Buyer pursuant to Section 6.2(c), (b) the failure of the Buyer to perform any of its covenants or agreements set forth herein, or (c) the failure of the Company or any Subsidiary to perform any covenant or agreement set forth herein which by its terms is to be performed after the Closing.

7.5. Procedure for Indemnification.

(a) Any party hereto entitled to make a claim for indemnification hereunder shall promptly notify the indemnifying party of the claim in writing upon learning of such claim or the facts constituting such claim, describing the claim in reasonable detail, the amount thereof (if known), and the basis therefor, provided, however, that the failure to so notify the indemnifying party shall not relieve the indemnifying party of its obligations hereunder except to the extent that (and only to the extent that) such failure shall have caused damages in excess of those for which the indemnifying party would have been required to provide indemnification had prompt notice hereunder been given, in which case the indemnified party shall not be entitled to indemnification from the indemnifying party with respect to such excess. The party from whom indemnification is sought shall respond to each such claim within thirty (30) days of receipt of such notice (the "Response Period"). No action shall be taken pursuant to the provisions of this Agreement or otherwise by the party seeking indemnification (unless reasonably necessary to protect the rights of the party seeking indemnification) until the expiration of the 30-day response period.

(b) If a claim for indemnification hereunder is based on a claim by a third party, the indemnifying party shall have the right to assume the entire control of the defense thereof including, at its own expense, employment of counsel reasonably satisfactory to the indemnified party; *provided*, that the indemnified party may participate in any proceeding with counsel of its choice at its expense and, *provided further*, that prior to the indemnifying party assuming control of such defense it shall first verify to the indemnified party in writing that such indemnifying party shall be fully responsible (with no reservation of any rights) for all Losses arising out of the

matter giving rise to such claim for indemnification and, *provided further*, that the indemnifying party shall not be entitled to assume control of such defense (unless otherwise agreed to in writing by the indemnified party) and shal l pay the reasonable fees and expenses of one counsel retained by the indemnified party if (1) the claim for indemnification relates to or arises in connection with any criminal or quasi-criminal proceeding, action, indictment, allegation or investigation, or (2) the claim seeks an injunction or equitable relief against the indemnified party. In any such event, the indemnifying party shall have the right to settle or resolve any such claim by a third party; *provided*, that any such settlement or resolution contemplated by the Agent, acting on behalf of the Sellers (as the indemnifying party), that involves any action by the Buyer other than the payment of money (which is to be paid in full, on behalf of the Sellers, from the Escrow Fund and/or the Agent Fund (subject to the applicable conditions and limits contained in this ARTICLE VII)) shall not be concluded without the prior written approval of the Buyer; and, *provided further*, that any such settlement or resolution contemplated by the Buyer, as the indemnifying party, that involves any action other than the payment of money (which is to be paid in full by the Buyer) shall not be concluded without the prior written approval of the Agent, which approval shall not be unreasonably withheld, delayed or conditioned.

(c) The party claiming indemnification shall cooperate fully with the indemnifying party and make available to the indemnifying party all pertinent information under its control. Without limiting the generality of the foregoing, Buyer will, and will cause employees of the Company and the Subsidiaries to, cooperate fully with the Agent in connection with any matter for which the Agent, acting on behalf of the Sellers, is the indemnifying party. Such cooperation shall include, without limitation, (i) assisting in the collection and preparation of discovery materials, (ii) meeting with (and making employees available to meet with) the Agent and/or its counsel to prepare for and/or appear as witnesses at depositions, court proceedings and/or trial and (iii) providing to the Agent and/or its counsel all information under the control of the Company or any of its Subsidiaries that is deemed ne cessary by the Agent and/or its counsel for the defense or prosecution of such matter.

7.6. Determination of Losses. As used herein, "Losses" means all damages, losses, expenses, costs and liabilities (including reasonable attorneys' fees and costs of collection), but excluding all consequential damages, punitive and exemplary damages, special damages, or indirect damages (except in each case for third party claims asserting such damages). For the sole purpose of determining Losses (and not for determining whether or not any representation or warranty has been breached or is inaccurate), the representations and warranties of the Company shall not be deemed qualified by any references to materiality or to Material Adverse Effect. In determining the amount of any Losses for which a Buyer Indemnified Party is entitled to assert a claim for indemnification hereunder, the amount of any such Losses shall be determined after deducting therefrom the amount of any insurance proceeds (after giving effect to any applicable deductible or retention) and other third party recoveries actually received by the Buyer Indemnified Parties, the Company or any Subsidiary in respect of such Losses (which proceeds and recoveries the Buyer agrees to use diligent efforts to obtain) and the amount of any tax benefit related thereto. If an indemnification payment is received by a Buyer Indemnified Party, and any Buyer Indemnified Party, the Company or any Subsidiary later receives insurance proceeds, other third party recoveries or tax benefits in respect of the related Losses, the Buyer shall immediately pay to the Agent, for the benefit of the Sellers, a sum equal to the lesser of (a) the actual amount of such insurance proceeds, other third party recoveries and tax benefits or (b) the actual amount of the indemnification payment previously paid with respect to such Losses. All parties shall use commercially reasonably efforts to mitigate the am ount of Losses for which they may be entitled to indemnification hereunder.

7.7. Subrogation. If (a) the Agent authorizes any indemnification payment hereunder, and (b) the Buyer, the Company or any Subsidiary has or may have a claim against a third party (including any insurer) in respect of the related Losses, the Agent, on behalf of the Sellers, shall be subrogated to the rights and claims of the Buyer, the Company and such Subsidiary, as the case may be, against such third party. The Agent (on behalf of the Sellers) shall not, however, have the right to collect aggregate payments from such third party or third parties in excess of the actual amount of the indemnification payment previously paid with respect to such Losses. The Buyer and the Company will, and will cause the Subsidiaries to, execute and deliver to the Agent such documents and take such other actions as may reasonably be requested in order to give effect to this Section. Any costs associated with the prosecution of such claims shall be borne by the Agent on behalf of the Sellers, and the Sellers shall indemnify the Buyer for any Losses associated with the Agent's prosecution and recovery, including any increased insurance premium costs and any Losses resulting from counterclaims from such third parties.

7.8. Remedies Exclusive. The remedies provided in this ARTICLE VII and in Section 9.5 ('*Specific Performance*') shall be the sole and exclusive remedies of the Buyer Indemnified Parties and Seller Indemnified Parties and their heirs, successors and permitted assigns after the

Closing with respect to this Agreement and the transactions contemplated by this Agreement including any breach or non-performance of any representation, warranty, covenant or agreement contained herein. No Buyer Indemnified Party or Seller Indemnified Party shall bring any claim after the Closing with respect to this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, other than (a) a claim of fraud against the party that committed such fraud, (b) an indemnification claim made by Buyer on behalf of the Buyer Indemnified Parties in accordance with Section 7.2 or Section 7.3, (c) an indemnification claim made by Agent on behalf of the Seller Indemnified Parties in accordance with Section 7.4, or (d) a claim for specific performance in accordance with Section 9.5. The provisions of this ARTICLE VII constitute an integral part of the consideration given to the Sellers pursuant to this Agreement and were specifically bargained for and reflected in the total amount of the Purchase Price payable to the Sellers pursuant to this Agreement.

7.9. Tax Treatment of Indemnity Payments. To the maximum extent permitted by law, it is the intention of the parties to treat any indemnity payment made under this Agreement as an adjustment to the purchase price for all purposes, and the parties agree to file their Tax Returns accordingly.

7.10. Certain Waivers.

(a) Each Member hereby agrees that, from and after the Closing, such Member shall not make any claim for indemnification against the Buyer, the Company or any of their respective Affiliates by reason of the fact that such Member was an equityholder of the Company (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement or otherwise) with respect to any Action brought by any of the Buyer Indemnified Parties against such Member as a "Seller" pursuant to this Agreement, any Legal Requirement or otherwise, and each Member hereby acknowledges and agrees that, from and after the Closing, such Member shall not have any claim or right to, and shall not seek, contribution or indemnity from the Company or any of the Company's Affiliates (including the Buyer) with respect to any amounts paid by such Member as a "Seller" pursuant to this Agreement. Effective upon the Closing, each Member hereby irrevocably waives, releases and discharges the Company from any and all liabilities and obligations to such Member of any kind or nature whatsoever, whether in its capacity as a member of the Company or otherwise (including in respect of any rights of contribution or indemnification), in each case whether absolute or contingent, liquidated or unliquidated, known or unknown, and whether arising under any agreement or understanding or otherwise at law or equity, and each Member agrees that, from and after the Closing, it shall not seek to recover any amounts in connection therewith or hereunder from the Company. Effective upon the Closing, the LLC Agreement shall be terminated in its entirety and, except as otherwise set forth herein, all rights and obligations of the Members thereunder shall cease. Effective upon the Closing, each Member h ereby acknowledges that such Member is not entitled to any distribution from the Company pursuant to the LLC Agreement (including any tax distributions, return of capital or other distributions) except for the amounts payable by the Buyer to the Sellers as set forth on the Payment Schedule; *provided*, that notwithstanding Section 29 of the LLC Agreement, only the following sections of the LLC Agreement shall survive such termination: Section 6 ('*Limited Liability*'), Section 26 ('*Reliance*'), Section 27 ('*Indemnification*') and Section 28 ('*Exculpation*').

(b) Bain hereby agrees that, from and after the Closing, it shall not make any claim for indemnification against the Buyer, the Company, the Bain Blocker or any of their respective Affiliates by reason of the fact that Bain was an equityholder of the Bain Blocker (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement or otherwise) with respect to any Action brought by any of the Buyer Indemnified Parties against Bain as a "Seller" pursuant to this Agreement, any Legal Requirement or otherwise, and Bain hereby acknowledges and agrees that, from and after the Closing, it shall not have any claim or right to, and shall not seek, contribution or indemnity from the Company or any of the Company's Affiliates (including the Buyer or the Bain Block er) with respect to any amounts paid by Bain as a "Seller" pursuant to this Agreement. Effective upon the Closing, Bain hereby irrevocably waives, releases and discharges the Bain Blocker from any and all liabilities and obligations to it of any kind or nature whatsoever, whether in its capacity as a stockholder of the Bain Blocker or otherwise (including in respect of any rights of contribution or indemnification), in each case whether absolute or contingent, liquidated or unliquidated, known or unknown, and whether arising under any agreement or understanding or otherwise at law or equity, and Bain agrees that, from and after the Closing, it shall not seek to recover any amounts in connection therewith or hereunder from the Company or the Bain Blocker.

(c)

The foregoing waivers and releases shall not reduce or diminish in any respect any rights of a Seller with respect to (i) this Agreement and any agreement entered into in connection with the transactions contemplated by this Agreement and any and all claims, rights and remedies hereunder or thereunder, whether at law or in equity or otherwise, (ii) in the case of any individual, any salary or other compensation earned and accrued since the date of last salary payment by the Company to such individual prior to the Closing Date, (iii) benefits afforded to employees under any insured group medical, disability or life plans or any other employee benefit plan of the Company disclosed on a Schedule hereto, (iv) an individual's participation under any 401(k) plan(s) maintained by the Company (including relating to any matching obligation thereunder prior to the Closing Date), and (v) any ordinary course expense reimbursement amounts owing to any individual from the Company for expenses incurred prior to the Closing Date.

(d) Effective upon the Closing, each of the Company and the Buyer voluntarily, knowingly and irrevocably releases and forever discharges Bain and each of the Members and their respective officers, directors, managers, employees, shareholders (including Bain in the case of the Bain Blocker) and Affiliates from any and all actions, agreements, amounts, claims, damages, expenses, liabilities and obligations of every kind, nature or description, arising or existing prior to the Closing, whether absolute or contingent, liquidated or unliquidated, known or unknown, (i) with respect to the Members, insofar as the same relate solely to such Member's ownership of Units or such Member's status as a "Member" pursuant to the LLC Agreement, and (ii) with respect to Bain, insofar as the same relate solely to its ownership of Purchased Securities, in each case except for any rights of the Buyer or the Compan y under this Agreement or any agreement entered into in connection with the transactions contemplated by this Agreement.

ARTICLE VIII
TERMINATION

8.1. Termination. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Company and the Buyer;

(b) by the Buyer, if (i) any of the representations and warranties of the Company or any Seller set forth in this Agreement shall not be true and correct to the extent set forth in Section 6.1(a), or the Company shall have breached or failed to perform any of its obligations under this Agreement to the extent set forth in Section 6.1(b), and (ii) such breach, failure or misrepresentation is not cured, if curable, within fifteen (15) days after the Buyer gives the Company written notice identifying in reasonably detail such breach, failure or misrepresentation;

(c) by the Company, if (i) any of the representations and warranties of the Buyer set forth in this Agreement shall not be true and correct to the extent set forth in Section 6.2(a), or if the Buyer shall have breached or failed to perform any of its obligations, covenants or agreements under this Agreement to the extent set forth in Section 6.2(b), and (ii) such breach, failure or misrepresentation is not cured, if curable, within fifteen (15) days after the Company gives the Buyer written notice identifying in reasonable detail such breach, failure or misrepresentation;

(d) by either the Company or the Buyer, if any court or Governmental Authority has issued a final and non-appealable order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; or

(e) by either the Company or the Buyer, if the Closing has not occurred by June 30, 2010 or such other date, if any, as the Company and the Buyer may agree in writing; *provided* that the right to terminate this Agreement under this Section 8.1(e) shall not be available to any party whose willful and knowing failure to fulfill any obligation under this Agreement has contributed to the failure of the transactions contemplated by this Agreement to occur on or before such date.

8.2. Effect of Termination.

(a) If this Agreement is terminated as provided above, the parties shall have no further obligations hereunder (including for costs and expenses incurred by other parties in connection with this Agreement and the transactions contemplated hereby), except as provided below and except that each party shall be liable for its willful and knowing breach of this Agreement and the other parties hereto shall be entitled to all rights and remedies provided by law in respect of such breach.

(b) The obligations of the Buyer and its Affiliates and representatives under Section 5.1(b) shall survive any termination of this Agreement.

ARTICLE IX
MISCELLANEOUS

9.1. Notices. Any notices, demands and communications to a party hereunder shall be in writing and shall be deemed to have been duly given and received (a) if delivered personally, as of the date received, (b) if delivered by certified mail, return receipt requested, three (3) business days after being mailed, (c) if delivered by a nationally recognized overnight delivery service, two (2) business days after being entrusted to such delivery service, or (d) if sent via facsimile, electronic mail or similar electronic transmission, as of the date received, to such party at its address set forth below (or such other address as it may from time to time designate in writing to the other parties hereto):

(i) If to the Agent, to:

Spectrum Equity Investors V, L.P.
c/o Spectrum Equity Investors
One International Place, 29th Floor
Boston, Massachusetts 02110
Attention: Michael J. Kennealy
Facsimile: 617-464-4601
E-mail: mike@spectrumequity.com

with a copy (which shall not constitute notice) to:

Choate, Hall & Stewart LLP
Two International Place
Boston, Massachusetts 02110
Attention: Brian P. Lenihan
Facsimile: 617-248-4000
E-mail: blenihan@choate.com

(ii) If, prior to the Closing, the Company, to:

iPay Technologies Holding Company, LLC
801 N. Black Branch Road
Elizabethtown, Kentucky 42701
Attention: Bill Ready
Facsimile: 270-706-9108
E-mail: Bill.Ready@iPaymybills.com

with copies (which shall not constitute notice) to:

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Attention: C. Kent Hatfield
Facsimile: 502-333-6099
E-mail: Kent.hatfield@skofirm.com

and

Choate, Hall & Stewart LLP
Two International Place
Boston, Massachusetts 02110
Attention: Brian P. Lenihan
Facsimile: 617-248-4000
E-mail: blenihan@choate.com

(iii) If to the Buyer or, after the Closing, the Company or Bain Blocker, to:

Jack Henry & Associates, Inc.
663 W. Highway 60, P.O. Box 807
Monett, MO 65708-8215
Attention: Robert T. Schendel, General Counsel
Facsimile: (877) 419-3299

E-mail: rschendel@jackhenry.com

with a copy (which shall not constitute notice) to:

Stinson Morrison Hecker LLP
1201 Walnut St., Ste. 2900
Kansas City, MO 64106
Attention: Thomas J. Lynn
Fax: (816) 412-1242
E-mail: tlynn@stinson.com

(iv) If to Bain or, prior to the Closing, the Bain Blocker, to:

BV Investor I, Inc.
c/o Bain Capital, LLC
111 Huntington Avenue
Boston, MA 02199
Attention: Michael Krupka
Fax: (617) 516-2010
Email: mkrupka@baincapital.com

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036
Attention: Christopher C. Henry
Fax: (212) 596-9090
Email: christopher.henry@ropesgray.com

9.2. No Waiver. No failure of any party to exercise and no delay in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

9.3. Amendments and Waivers. The provisions of this Agreement may be modified, amended or waived at any time only by a writing signed by (a) the Buyer, (b) the Company and (c) the Agent, and any such modification, amendment or waiver shall be binding on each of the parties hereto, including the Sellers.

9.4. Choice of Law; Forum; WAIVER OF JURY TRIAL. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles. Any proceeding arising out of or relating to this Agreement shall be brought in the courts located in the State of Delaware. This provision may be filed with any court as written evidence of the knowing and voluntary irrevocable agreement between the parties to waive any objections to jurisdiction, to venue or to convenience of forum. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AN D ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

9.5. Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, the Sellers and the Buyer shall be entitled to specific performance of the agreements and obligations of the parties hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction.

9.6. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, successors and permitted assigns. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Buyer and the Agent; *provided*, that after the Closing the Buyer may assign its rights (but not its obligations) under this Agreement in connection with any disposition or transfer of the Company and its Subsidiaries as a whole. Notwithstanding the foregoing, Buyer and, following the Closing, the Company, may assign its rights, title and interest

in and to this Agreement and the Escrow Agreement, including its rights to indemnification or payments hereunder or thereunder, to any of its lenders as collateral security.

9.7. Integration; Schedules. This writing, together with the Exhibits and Schedules attached hereto, embodies the entire agreement and understanding among the parties with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings and agreements concerning the matters covered hereby, except as set forth in Section 5.1(b). Information set forth on any Schedule hereto shall be deemed to qualify each Section of this Agreement to which such information is applicable (regardless of whether or not such Section is qualified by reference to a Schedule), so long as application to such Section is reasonably apparent from the reading of such disclosure. No information set forth on any Schedule hereto shall be deemed to broaden in any way the scope of the Company's representations and warranties. The inclusion of an item on any Schedule hereto is no t evidence of the materiality of such item for purposes of this Agreement or otherwise, or that such item is a disclosure required under the Agreement. No disclosure in any Schedule hereto relating to any possible breach or violation of any agreement, Authorization or Legal Requirement shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, or shall constitute an admission of liability to any third party.

9.8. Counterparts. This Agreement may be executed in two or more counterparts, and with counterpart signature pages, each of which shall be an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto notwithstanding that all such parties have not signed the same counterpart. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

9.9. Expenses. All legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, except as otherwise expressly provided herein.

9.10. No Third Party Beneficiaries. The Indemnified Persons referenced in Section 5.8 of this Agreement are intended third party beneficiaries of the covenants, agreements, representations and warranties in such Section. No employee of the Company or any Subsidiary shall be considered a third party beneficiary of Section 5.10. Except as otherwise expressly set forth in this Agreement, nothing in this Agreement will be construed as giving any third party any right, remedy or claim under or in respect of this Agreement or any provision hereof.

9.11. Publicity. No party shall issue a press release or make any other public announcement concerning the transactions contemplated by this Agreement (a) prior to the Closing, without the prior written consent of the Company, the Agent and the Buyer, and (b) from and after the Closing, without the prior written consent of the Agent and the Buyer, in each case except to the extent required by law, in which case the parties referenced in the preceding clause (a) or (b), as applicable, shall have the opportunity to review and comment prior to such disclosure.

9.12. Construction of Agreement.

(a) Severability. If any provision of this Agreement is unenforceable or illegal, such provision shall be enforced to the fullest extent permitted by law and the remainder of the Agreement shall remain in full force and effect.

(b) No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or documents contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other agreements or documents contemplated herein.

(c) Headings. The headings of Articles and Sections herein are inserted for convenience of reference only and shall be ignored in the construction or interpretation hereof.

(d) Currency. Unless otherwise specified herein, any references to "dollars", "$" or other dollar amounts in this Agreement shall mean the lawful currency of United States.

(e)

Business Days. Any reference to a "business day" any day except Saturday, Sunday, any statutory holiday in the Commonwealth of Kentucky or any other day on which the principal chartered banks in the Commonwealth of Kentucky are closed for business.

(f) Calculation of Days. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

(g) Knowledge. Any reference to "to the knowledge of the Company", "to the Company's knowledge", or any other similar phrase shall mean the actual knowledge of William Ready, C. Michael Bowers, Dana A. Bowers and Kelly Vick.

(h) Pronouns. All words and personal pronouns shall be read and construed as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and pronoun.

(i) Legal Requirements and Documents. Unless otherwise specified, (i) any references herein to any Legal Requirement shall be construed as a reference thereto as in effect from time to time, and (ii) any reference to this Agreement or any other document is a reference to this Agreement or such other document as amended, restated and supplemented from time to time and includes all schedules and exhibits thereto.

(j) References to this Agreement. The words "hereof," "herein," "hereto", "hereunder", "hereby" and other similar expressions refer to this Agreement as a whole and not to any particular section or portion of it.

(k) Including. Where the word "including" or the word "includes" is used in this Agreement, it means "including (or includes) without limitation".

9.13. The Sellers' Agent.

(a) SEI V iPay AIV, L.P. shall act as the "Agent" under this Agreement.

(b) The Agent is hereby irrevocably and exclusively appointed, authorized and empowered as the Sellers' attorney, with full power of substitution, to take all actions and make all decisions and determinations on behalf of the Sellers in respect of this Agreement, the Escrow Agreement and the transactions contemplated hereby and thereby. Without limiting the generality of the prior sentence, the Agent shall be exclusively authorized to (i) negotiate, execute and deliver all amendments, modifications and waivers to this Agreement and/or the Escrow Agreement, (ii) take all actions on behalf of the Sellers in connection with any claims or disputes with respect to this Agreement, the Escrow Agreement and/or the transactions contemplated hereby or thereby (other than any claims against an individual Seller under Section 7.3 of this Agreement), (iii) to initiate, prosecute, defend and/or settle such claims and disputes, (iv) to authorize payments from the Escrow Fund and Agent Fund consistent with Section 1.6 hereof, and (v) to take all actions and sign all documents necessary, convenient or advisable to accomplish any of the foregoing. No Seller shall be permitted to take any such actions without the prior written approval of the Agent. This power of attorney is deemed coupled with an interest and shall survive the death, incapacity, disability, termination, liquidation, dissolution or any other event affecting any Seller.

(c) The Agent will not receive a fee for serving as the representative of the Sellers hereunder. The Agent shall be entitled to engage counsel, accountants and other advisors, and the fees and expenses of such counsel and advisors and any out-of-pocket expenses incurred by Agent may be paid from the Agent Fund or from any other payment received hereunder by Agent, in its capacity as such.

(d) The Agent shall not be liable to any Seller for any action taken by Agent pursuant to this Agreement, and the Sellers shall severally, and not jointly, in proportion to their Pro Rata Share, indemnify and hold the Agent harmless from and against any and all Losses (in an amount not to exceed such Seller's Pro Rata Share of the Purchase Price) arising out of or relating to Agent serving in this capacity, except in each case if and to the extent the Agent has engaged in willful misconduct.

(e) The Agent is serving in this capacity solely for purposes of administrative convenience. The Agent is not personally liable for any of the obligations of the Sellers hereunder, and the Buyer Indemnified Parties agree that they will not look to the underlying assets of the Agent for the satisfaction of any obligations of the Sellers.

(f) The Agent may resign from such role upon at least ten (10) business days prior written notice to the Sellers and the Buyer. The Sellers holding a majority of the Purchased Securities (as of immediately prior to the Closing) shall appoint a replacement and from and after such appointment, such Person shall be the "Agent" for all purposes hereof. All rights of the Agent to indemnification and exculpation hereunder shall survive such resignation.

9.14. Waiver of Conflicts. Buyer (on behalf of itself and its Affiliates) hereby irrevocably acknowledges and agrees that: (a) each of the Agent and the Sellers shall have the right to retain the Designated Firms to represent their respective interests in any dispute arising under or in connection with this Agreement, any agreement entered into pursuant to this Agreement, or the transactions contemplated hereby or thereby (a "Dispute"); (b) Buyer (on behalf of itself and its Affiliates) irrevocably waives, consents to and covenants not to assert any objection, based on conflict of interest or otherwise, to any representation of Agent or any Seller by either of the Designated Firms in any Dispute; (c) all communications between any of Sellers, the Company, or any of their respective Affiliates, directors, officers, employees, agents or representatives, on the one hand, and the De signated Firms, on the other hand, made in connection with the negotiation, preparation, execution, delivery and closing under, or any dispute arising in connection with, this Agreement or otherwise relating to any potential sale of the Company (the "Protected Seller Communications"), shall be deemed to be privileged and confidential communications; (d) all rights to such Protected Seller Communications, and the control of the confidentiality and privilege applicable thereto, shall be retained by Agent; and (e) to the extent Buyer or any of its Affiliates (including the Company) should discover in its possession after the Closing any Protected Seller Communications, it shall take reasonable steps to preserve the confidentiality thereof and promptly deliver the same to the Agent, keeping no copies, and shall not by reason thereof assert any loss of confidentiality or privilege protection. As used herein, "Designated Firms" means Choate, Hall & Stewart LLP and Stoll Keenon Ogden PLLC.

9.15. Index of Defined Terms. The following terms, as used in this Agreement, have the meanings given to them in the section or place indicated below:

Term:	**Section or Place Where Defined:**
Action	Section 2.19
Affiliate	Section 1.3(a)
Agent	Section 9.13(a)
Agent Fund	Section 1.4(d)
Agreement	Preamble
Authorizations	Section 2.17
Bain	Section 1.3(a)
Bain Blocker	Section 1.3(a)
Bain Blocker Contest	Section 5.7(a)
Balance Sheet Date	Section 2.8(a)2.8(a)
Base Purchase Price	Section 1.3(a)
Benefit Plans	Section 2.21(a)
Business	Section 2.12(b)
Buyer	Preamble
Buyer Indemnified Parties	Section 7.2
Buyer's Plans	Section 5.10
Closing	Section 1.2 1.2
Closing Cash	Section 1.3(a)
Closing Date	Section 1.2
Closing Indebtedness	Section 1.3(a)
Closing Items	Section 1.7(a)
Closing Tax Benefit	Section 1.3(a)
Closing Working Capital	Section 1.3(a)
Closing Working Capital Target	Section 1.3(a)
Code	Section 2.21(b)
Company	Preamble
Company Charter Documents	Section 2.1
Company Intellectual Property	Section 2.13(a)
Company Material Adverse Effect	Section 1.3(a)
Company Plans	Section 5.10
Contest	Section 5.7(c)
Covered Liabilities	Section 3.5
Cut-Off Date	Section 7.1
Designated Firms	Section 9.14
Disclosure Supplement	Section 5.6(a)

Dispute	Section 9.14
Disputed Items	Section 1.7(b)
Disputed Items Notice	Section 1.7(b)
Environment	Section 2.22(a)(i)
Environmental Claim	Section 2.22(a)(ii)
Environmental Laws	Section 2.22(a)(iii)
ERISA	Section 2.21(a)
Escrow Agent	Section 1.4(c)
Escrow Agreement	Section 6.1(g)
Escrow Fund	Section 1.4(c)
Estimated Purchase Price	Section 1.3(a)
Estimated Purchase Price Certificate	Section 1.3(b)
Financing	Section 5.11
GAAP	Section 1.3(a)
Governmental Authority	Section 1.3(a)
Guidance	Section 2.21(c)
Hazardous Substances	Section 2.22(a)(iv)
HSR Act	Section 5.4(b)
Indemnified Persons	Section 5.8(a)
Independent Accounting Firm	Section 1.7(c)
Intellectual Property	Section 2.13(a)
IP Licenses	Section 2.13(d)
Lease	Section 2.11(b)
Legal Requirements	Section 2.16
Lien	Section 1.3(a)
LLC Agreement	Section 1.6(a)
Losses	Section 7.6
Market Reaction New Matter	Section 5.6
Material Contracts	Section 2.10
Member	Section 1.3(a)
Most Recent Balance Sheet	Section 2.8(a)
New Matter	Section 5.6
Owned Real Property	Section 2.11(a)
Payment Schedule	Section 1.6(c)
Permitted Liens	Section 2.12
Person	Section 1.3(a)
Personal Information	Section 5.1(a)
Prior Service	Section 5.10
Proceeding	Section 5.8(a)
Pro Rata Share	Section 7.2
Protected Seller Communications	Section 9.14
Purchase Price	Section 1.3(a)
Purchase Price Certificate	Section 1.7(a)
Purchased Securities	Section 1.1
Response Period	Section 7.5(a)
Sale Bonuses	Section 1.3(a)
Seller Indemnified Parties	Section 7.4
Sellers	Preamble
Sellers’ Expenses	Section 1.3(a)
Specified Representations	Section 7.2
Straddle Period	Section 5.7(a)
Subsidiary	Section 1.3(a)
Tax Taxes	Section 2.18(a)
Tax Returns	Section 2.18(a)
Technology	Section 2.13(a)
Terminated Contracts	Section 2.10
Units	Section 1.3(a)
Upward Closing Working Capital Adjustment	Section 1.3(a)

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be executed as of the date first above written.

BUYER:

JACK HENRY & ASSOCIATES, INC.

By: ________________________________
Name:
Title:

COMPANY:

iPAY TECHNOLOGIES HOLDING COMPANY, LLC

By: ________________________________
Name: William Ready
Title: President

SELLERS:

SEI V IPAY AIV, L.P.
By: Spectrum Equity Associates V, L.P., its General Partner
By: SEA V Management LLC, its General Partner

By: ________________________________
Name: Michael J. Kennealy
Title: Managing Director

SPECTRUM V INVESTMENT MANAGERS' FUND, L.P.
By: SEA V Management LLC, its General Partner

By: ________________________________
Name: Michael J. Kennealy
Title: Managing Director

BV INVESTOR I, INC.

By: ________________________________
Name: Michael Krupka
Title: President

BAIN CAPITAL VENTURE FUND 2005, L.P.
By: Bain Capital Venture Partners 2005, L.P., its general partner
By: Bain Capital Venture Investors, LLC, its general partner

By: ________________________________
Name: Michael Krupka
Title: Managing Director

BCIP ASSOCIATES III, LLC
By: BCIP Associates III, its manager
By: Bain Capital Investors, LLC, its managing partner

By: ________________________________
Name: Michael Krupka
Title: Managing Director

BCIP ASSOCIATES III-B, LLC
By: BCIP Associates III-B,
its manager
By: Bain Capital Investors, LLC,
its managing partner

By: ________________________________
Name: Michael Krupka
Title: Managing Director

SB HOLDING CORPORATION DELAWARE TRUST
By: The Goldman Sachs Trust Company of Delaware, Trustee

By: ________________________________
Name:
Title:

____
Brian Smith

Exhibit 2.4

FIRST AMENDMENT TO
SECURITIES PURCHASE AGREEMENT

This First Amendment to Securities Purchase Agreement (this "Amendment") is made and entered into as of May 27, 2010, by and among (i) iPay Technologies Holding Company, LLC, a Delaware limited liability company (the "Company"), (ii) Jack Henry & Associates, Inc., a Delaware corporation (the "Buyer"), and (iii) SEI V iPay AIV, L.P., a Delaware limited partnership (the "Agent"). The Spectrum Transferee and the Bain Transferees (each, as defined below) are also executing this Amendment and shall be considered "parties" hereto for all purposes hereof.

Introduction

The Buyer, the Company and the Agent are parties to that certain Securities Purchase Agreement dated as of May 6, 2010 (the "Purchase Agreement"). Capitalized terms used herein that are not defined herein shall have the meanings given to them in the Purchase Agreement. Since the date of the execution of the Purchase Agreement, SEI V iPay AIV, L.P. has transferred its Units (the "Spectrum Transfer") to its wholly owned subsidiary, SEI V iPay LLC, a Delaware limited liability company (the "Spectrum Transferee"). Since the date of the execution of the Purchase Agreement, (x) Bain Capital Venture Fund 2005, L.P. has transferred all of the shares of capital stock of Bain Blocker held by it (the "Bain 2005 Transfer") to its wholly owned subsidiary, BCV 2005 Investor, LLC, a Delaware limited liability company (the "Bain 2005 Fund Transfe ree"), (y) BCIP Associates III, LLC has transferred all of the shares of capital stock of Bain Blocker held by it (the "BCIP III Transfer") to its wholly owned subsidiary, BCV BCIP III Investor, LLC, a Delaware limited liability company (the "BCIP III Fund Transferee"), and (z) BCIP Associates III-B, LLC has transferred all of the shares of capital stock of Bain Blocker held by it (the "BCIP III-B Transfer" and together with the Bain 2005 Transfer and the BCIP III Transfer, the "Bain Transfers") to its wholly owned subsidiary, BCV BCIP III-B Investor, LLC, a Delaware limited liability company (the "BCIP III-B Fund Transferee" and together with the Bain 2005 Fund Transferee and the BCIP III-B Fund Transferee, the "Bain Transferees"). The Buyer, the Company and the Agent wish to amend the Purchase Agreement (i) to acknowledge the Spectrum Transfer and the Bain Transfers, (ii) to add the Spectrum Transferee and each of the Bain Transferees as a "Seller" under the Purchase Agreement, and (iii) to update the Disclosure Schedules to the Purchase Agreement in light of the Spectrum Transfer and the Bain Transfers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1.1. Addition of Spectrum Seller. The Spectrum Transferee shall be added as a Seller to the Purchase Agreement, and the Units held by the Spectrum Transferee shall constitute Purchased Securities. By its execution hereof, the Spectrum Transferee shall be deemed for all purposes to be a party to the Purchase Agreement and included in the definition of "Seller" thereunder.

1.2. Addition of Bain Sellers. Each of the Bain Transferees shall be added as a Seller to the Purchase Agreement, and the shares of capital stock of Bain Blocker held by each of the Bain Transferees (and sold to Buyer by the Bain Transferees under the Purchase Agreement) shall constitute Purchased Securities. By its execution hereof, each of the Bain Transferees shall be deemed for all purposes to be a party to the Purchase Agreement and included in the definitions of "Seller" and "Bain" thereunder.

1.3. Amendment to the Disclosure Schedules for Spectrum Transfer. Schedule 2.7 shall be amended by replacing the reference to "SEI V iPay AIV, L.P." with "SEI V iPay LLC" and by adding a reference to the following agreement: "Unit Transfer Agreement dated as of May 27, 2010, by and between SEI V iPay AIV, L.P. and SEI V iPay LLC." This Section 1.3 shall not be deemed a Disclosure Supplement, but rather Schedule 2.7 shall be deemed fully amended as set forth in this Section 1.3.

1.4. Amendment to the Disclosure Schedules for Bain Transfers. Schedule 3.5 to the Purchase Agreement shall be amended in its entirety by replacing it with Schedule 3.5 attached to this Amendment. This Section 1.4 shall not be deemed a Disclosure Supplement, but rather

Schedule 3.5 to the Purchase Agreement shall be deemed fully amended as set forth in this Section 1.4.

1.5. Tax Matters. The following subsection is hereby added to Section 5.7 of the Purchase Agreement:

"(g) If the Spectrum Transfer results in the closing of the taxable year of the Company for federal income tax purposes, then the Company and its Subsidiaries shall, in accordance with Section 5.7(a) hereof, file a federal income tax return for the year then ended in a manner consistent with the past practice of the Company and its Subsidiaries, except as otherwise required by any Legal Requirement. The federal income tax return of the Company and its Subsidiaries for such taxable year shall include an election under Section 754 of the Code, including the statement required by Treas. Reg. §1.743-1(k)(1), in the form prepared by the Agent. The Company shall permit the Agent and its representatives to review and comment on each Tax Return of the Company and/or any of its Subsidiaries filed pursuant to this Section at least thirty (30) days prior to the date on which any such Tax Return is to be filed and shall make such revisions thereto as are reasonably requested by Agent and its representatives."

1.6. Miscellaneous. This Amendment may be executed in one or more counterparts and may be delivered by electronic mail in "portable document format" (".pdf") form or via facsimile, each of which shall be deemed an original and all of which taken together shall constitute one and the same Amendment. Except as specifically amended by this Amendment, the Purchase Agreement is and shall be unaffected hereby and shall continue in full force and effect in accordance with its terms. Each of the parties hereto hereby acknowledges, confirms and ratifies its respective obligations under the Agreement. The parties hereto further acknowledge and confirm that for all purposes of the Agreement, the term "Agreement" shall mean the Agreement as amended by and through the date of this Amendment and as further amended from time to time hereafter.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first above written.

BUYER:

JACK HENRY & ASSOCIATES, INC.

By: ______________________________
Name:
Title:

COMPANY:

iPAY TECHNOLOGIES
HOLDING COMPANY, LLC

By: ______________________________
Name: William Ready
Title: President

AGENT:

SEI V iPAY AIV, L.P.
By: Spectrum Equity Associates V, L.P.,
its general partner
By: SEA V Management LLC,
its general partner

By: ______________________________
Name: Michael J. Kennealy
Title: Managing Director

SPECTRUM TRANSFEREE:

SEI V iPay LLC
By: SEI V iPAY AIV, L.P.,
its sole member
By: Spectrum Equity Associates V, L.P.,
its general partner
By: SEA V Management LLC,
its general partner

By: ______________________________
Name: Michael J. Kennealy
Title: Managing Director

BAIN TRANSFEREES:

BCV 2005 INVESTOR, LLC
By: Bain Capital Venture Fund 2005, L.P.,
its manager
By: Bain Capital Venture Partners 2005, L.P.,
its general partner
By: Bain Capital Venture Investors, LLC,
its general partner

By: ______________________________
Name: Michael Krupka
Title: Managing Director

BCV BCIP III INVESTOR, LLC
By: BCIP Associates III, LLC,
its manager
By: BCIP Associates III,
its manager
By: Bain Capital Investors, LLC,
its managing partner

By: ______________________________
Name: Michael Krupka
Title: Managing Director

BCV BCIP III-B INVESTOR, LLC
By: BCIP Associates III-B, LLC,
its manager
By: BCIP Associates III-B,
its manager
By: Bain Capital Investors, LLC,
its managing partner

By: ______________________________

Name: Michael Krupka
Title: Managing Director

Schedule 3.5

Bain Blocker

Capitalization of Bain Blocker:

Stockholder	Shares of Common Stock
BCV 2005 Investor, LLC	873.09645
BCV BCIP III Investor, LLC	124.41947
BCV BCIP III-B Investor, LLC	2.48408
Total	**1,000.00000**

All of Bain Blocker's cash will be transferred to Bain at or prior to Closing. This transfer will be effected at or prior to Closing by Bain Blocker consummating a redemption of some of its issued and outstanding shares of capital stock from the holders thereof. As a result of the consummation of this redemption, the number of shares of stock of Bain Blocker shown as outstanding on this Schedule 3.5 will change at or prior to Closing.

Exhibit 21.1

Jack Henry and Associates, Inc. Subsidiaries

Name	**State/Country of Incorporation**
Jack Henry & Associates, Inc.	Delaware
Jack Henry Services, Inc.	Texas
Jack Henry Systems, Inc.	Texas
Jack Henry Software/Commlink, Inc.	Texas
Symitar Systems, Inc.	California
Check Collect, Inc.	Texas
Gladiator Technology Services, Inc.	Georgia
Audiotel Corporation	Texas
Goldleaf Enterprise Payments, Inc.	Georgia
Goldleaf Financial Solutions, Inc.	Tennessee
Goldleaf Insurance, Inc.	Tennessee
Goldleaf Leasing, Inc.	Tennessee
Goldleaf Technologies, Inc.	Delaware
JHA Payment Processing Solutions, Inc.	Washington
Towne Services, Inc.	Georgia
Jack Henry International, Ltd.	U.S. Virgin Islands
iPay Technologies Holding Company, LLC	Delaware
iPay Technologies, LLC	Kentucky
Profitstars, LLC	Missouri

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement Numbers 33-65251, 333-16989, 333-63912, 333-101680, 333-130078, 333-130079, and 333-138891 on Form S-8 of our reports dated August 27, 2010, relating to the consolidated financial statements of Jack Henry & Associates, Inc., and the effectiveness of Jack Henry & Associates, Inc. internal control over financial reporting, appearing in the Annual Report on Form 10-K of Jack Henry & Associates, Inc. for the year ended June 30, 2010.

DELOITTE & TOUCHE LLP

St. Louis, Missouri

August 27, 2010

Exhibit 31.1

CERTIFICATION

I, John F. Prim, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 27, 2010

/s/ John F. Prim

John F. Prim
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kevin D. Williams, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date August 27, 2010

/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer

Exhibit 32.1

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

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 27, 2010

/s/ John F. Prim

John F. Prim
Chief Executive Officer

Exhibit 32.2

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

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 27, 2010

/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer