

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

**SCHEDULE 14A  
(Rule 14a-101)**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant   
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**JACK HENRY & ASSOCIATES, INC.**  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - 1) Title of each class of securities to which transaction applies:
  - 2) Aggregate number of securities to which transaction applies:
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - 4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:

**JACK HENRY & ASSOCIATES, INC.**  
**663 Highway 60, P.O. Box 807**  
**Monett, Missouri 65708**

**NOTICE OF 2020 ANNUAL MEETING OF STOCKHOLDERS**

**TO THE STOCKHOLDERS OF JACK HENRY & ASSOCIATES, INC.:**

**PLEASE TAKE NOTICE** that the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) of Jack Henry & Associates, Inc., a Delaware corporation (the “Company”), will be held on Tuesday, November 17, 2020, 11:00 a.m. (Central). The purpose of the Annual Meeting will be the following:

- (1) To elect nine (9) directors to serve until the 2021 Annual Meeting of Stockholders;
- (2) To approve, on an advisory basis, the compensation of our named executive officers;
- (3) To approve an amendment to our certificate of incorporation to remove a supermajority voting standard for stockholder approval of an acquisition of the Company by another person or entity;
- (4) To ratify the selection of the Company’s independent registered public accounting firm; and
- (5) To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

Due to the continuing public health impact of the novel coronavirus (COVID-19) pandemic and in keeping with the Company’s current safety precautions related to in-person meetings and request for employees to work remotely, the Company has determined to hold the Annual Meeting over the internet in a virtual-only meeting format. You will not be able to attend the Annual Meeting in person. The Annual Meeting can be accessed by visiting [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771) (the “Meeting Website”). Stockholders of record may vote online at the virtual meeting by visiting the Meeting Website and entering a valid control number and password (included in the proxy materials mailed to you). If your shares are held of record by a broker, bank or other nominee and you wish to vote online at the Annual Meeting, you must register in advance by obtaining a proxy issued in your name from that nominee. A control number or password will not be required to join the virtual meeting as a guest; however, guests will not have the option to vote or submit questions during the Annual Meeting.

The close of business on September 21, 2020, has been fixed as the record date for the Annual Meeting. Only stockholders of record as of that date will be entitled to notice of and to vote at said meeting and any adjournment or postponement thereof.

The accompanying form of Proxy is solicited by the Board of Directors of the Company. The attached Proxy Statement contains further information with respect to the business to be transacted at the Annual Meeting.

**ALL STOCKHOLDERS ARE INVITED TO ATTEND THE MEETING ONLINE. WHETHER OR NOT YOU EXPECT TO ATTEND, PLEASE DATE AND SIGN THE ENCLOSED PROXY. IF YOU DECIDE TO ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES AT THE VIRTUAL MEETING.**

By Order of the Board of Directors



Craig K. Morgan  
Secretary

Monett, Missouri  
, 2020

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**JACK HENRY & ASSOCIATES, INC.**

663 Highway 60, P.O. Box 807

Monett, Missouri 65708

**PROXY STATEMENT  
FOR THE 2020 ANNUAL MEETING OF STOCKHOLDERS**

To Be Held Tuesday, November 17, 2020

This proxy statement (the “Proxy Statement”) and the enclosed proxy card (the “Proxy Card”) are furnished to the stockholders of Jack Henry & Associates, Inc., a Delaware corporation, in connection with the solicitation of proxies by the Company’s Board of Directors (the “Board”) for use at the 2020 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the “Annual Meeting”), to be held at 11:00 a.m. (Central), on Tuesday, November 17, 2020. Due to the continuing public health impact of the novel coronavirus (COVID-19) pandemic and in keeping with the Company’s current safety precautions related to in-person meetings and request for employees to work remotely, the Company has determined to hold the Annual Meeting over the internet in a virtual-only meeting format. Stockholders will not be able to attend the Annual Meeting in person. The mailing of this Proxy Statement, the Proxy Card, the Notice of 2020 Annual Meeting of Stockholders (the “Notice”) and the accompanying 2020 Annual Report to Stockholders (the “2020 Annual Report”) is expected to commence on or about , 2020.

The Annual Meeting can be accessed by visiting [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771). Participants may choose to join the virtual meeting as a “stockholder” or as a “guest.” To enter the virtual meeting as a stockholder, participants will be required to enter a valid control number and password. The password for the virtual meeting is JKHY2020. A control number or password will not be required to join the virtual meeting as a guest, however guests will not have the option to vote or submit questions during the Annual Meeting. For further information, see below under “Participation in the Annual Meeting.”

The Board does not intend to bring any matters before the Annual Meeting except those indicated in the Notice and does not know of any matter which anyone else proposes to present for action at the Annual Meeting. If any other matters properly come before the Annual Meeting, however, the persons named in the accompanying form of Proxy Card, or their duly constituted substitutes, acting at the Annual Meeting, will be deemed authorized to vote or otherwise to act thereon in accordance with their judgment on such matters.

If the enclosed Proxy Card is properly executed and returned prior to voting at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon.

In this Proxy Statement, all references to the “Company”, “Jack Henry”, “we”, “us” and “our”, refer to Jack Henry & Associates, Inc.

**PROXY AND VOTING INFORMATION**

**Proxies**

If the enclosed Proxy Card is properly executed and returned prior to voting at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon.

All shares represented by proxy and all proxies solicited hereunder will be voted in accordance with the specifications made by the stockholders executing such proxies. If a stockholder does not specify how a proxy is to be voted, the shares represented thereby will be voted: (1) FOR the election as directors of the nine (9) persons nominated by the Board; (2) FOR approval of the compensation of our named executive officers; (3) FOR amending our certificate of incorporation to remove a supermajority voting standard for stockholder approval of an acquisition of the Company by another person or entity; (4) FOR ratification of the selection of the Company's independent registered public accounting firm; and (5) upon other matters that may properly come before the Annual Meeting, in accordance with the discretion of the persons to whom the proxy is granted.

Any stockholder executing a proxy retains the power to revoke it at any time prior to the voting of the proxy. It may be revoked by a stockholder participating virtually in the Annual Meeting and casting a contrary vote or by filing an instrument of revocation with the Secretary of the Company.

### **Stockholders Entitled to Vote**

Only stockholders of record at the close of business on September 21, 2020, the record date set by the Board for the Annual Meeting, are entitled to notice of and to vote at such meeting.

The Company's authorized capital stock currently consists of 250,000,000 shares of common stock, par value \$.01 per share (the "Common Stock"), and 500,000 shares of preferred stock, par value \$1.00 per share (the "Preferred Stock"). As of September 21, 2020, there were shares of Common Stock outstanding and no shares of Preferred Stock outstanding. At such date, our executive officers and directors were entitled to vote, or to direct the voting of, shares of Common Stock representing of the shares entitled to vote at the 2020 Annual Meeting.

Each share of our Common Stock outstanding on the record date will be entitled to one vote on each matter.

### **Required Vote**

At the 2020 Annual Meeting, stockholders will consider and vote upon:

- (1) The election of nine (9) directors to serve until the 2021 Annual Meeting of Stockholders;
- (2) Approval, on an advisory basis, of the compensation of our named executive officers;
- (3) Approval to amend the Company's certificate of incorporation to remove a supermajority voting standard for stockholder approval of an acquisition of the Company by another person or entity;
- (4) To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2021; and
- (5) To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

Only stockholders of record at the close of business on September 21, 2020, the record date for the Annual Meeting, are entitled to notice of and to vote at such meeting.

In an uncontested election, a director nominee must be elected by a majority of the votes cast, in person or by proxy, regarding the election of that director nominee. A "majority of the votes cast" for the purposes of director elections means that the number of votes cast "For" a director nominee's election exceeds the number of votes cast as "Withhold" for that director nominee. If an incumbent director is not re-elected in an uncontested election and no successor is elected at the same meeting, the Company's Corporate Governance Guidelines require that such director must offer to tender his or her resignation to the Board.

In a contested election, which occurs when the number of director nominees exceeds the number of open seats on the Board, director nominees will be elected by a plurality of the shares represented in person or by proxy at the meeting. A "plurality" means that the open seats on the Board will be filled by those director nominees who received the most affirmative votes, regardless of whether those director nominees received a majority of the votes cast with respect to their election.

At the Annual Meeting, the election of directors is considered to be uncontested because we have not been notified of any other nominees as required by our Restated and Amended Bylaws (the “Bylaws”). To be elected, each director nominee must receive a majority of votes cast regarding that nominee.

The approval of Proposal 3 requires the approval of at least two-thirds of the outstanding shares of Common Stock.

The approval of all other matters to be voted on at the Annual Meeting will require the affirmative vote of a majority of the shares of Common Stock present at the Annual Meeting in person or by proxy and entitled to vote.

Because Proposal 3 requires the affirmative vote of at least two-thirds of the outstanding shares of Common Stock, any abstentions and broker non-votes will have the same effect as a no vote with respect to such proposal.

Abstentions and broker non-votes will have no effect on the election of directors. For the purpose of determining whether the stockholders have approved other matters, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Shares held by brokers that do not have discretionary authority to vote on a particular matter and that have not received voting instructions from their clients are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that matter, but they are counted as present for the purpose of determining the existence of a quorum at the annual meeting. Please note that banks and brokers that have not received voting instructions from their clients cannot vote on their clients’ behalf on “non-routine” proposals.

## **Voting**

Stockholders may submit their votes in the following ways:

1. *At the Virtual Meeting.* Stockholders of record, and stockholders whose shares are held by a broker, bank or other nominee and who have registered in advance, may vote online during the Annual Meeting by visiting [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771) and entering a valid control number and the meeting password JKHY2020; or
2. *By Proxy.* There are three ways to vote by proxy:
  - by internet, following the instructions on the enclosed Proxy Card;
  - by mail, using the enclosed Proxy Card and return envelope; or
  - by telephone, using the telephone number and instructions on the enclosed Proxy Card.

Even if a stockholder expects to attend the Annual Meeting, it is advisable to vote by proxy to ensure such stockholder’s vote is represented.

If a stockholder’s shares are held in the name of a bank, broker or other nominee, that nominee will provide separate instructions on how to vote.

## **Participation in the Annual Meeting**

Stockholders of record may attend the Annual Meeting by accessing [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771) and entering a valid control number and password (included on the Proxy Card mailed to stockholders of record). The meeting password is JKHY2020.

If a stockholder’s shares are held in the name of a bank, broker or other nominee, such stockholder must register in advance to attend the Annual Meeting. To register, stockholders must obtain a legal proxy from the holder of record and submit proof of legal proxy reflecting the number of shares of the Company’s Common Stock held as of the record date, along with their name and email address, to Computershare at [legalproxy@computershare.com](mailto:legalproxy@computershare.com). Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m. (Eastern) on November 12, 2020. Stockholders will then receive a confirmation of registration with a control number by email from Computershare. At the time of the Annual Meeting, such

stockholders may attend the Annual Meeting by accessing [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771) and entering the control number and password. The meeting password is JKHY2020.

Guests may attend the Annual Meeting by accessing [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771). A control number or password will not be required to join the virtual meeting as a guest; however guests will not have the option to vote or submit questions during the Annual Meeting.

The Company will hold a question and answer session with management immediately following the conclusion of the business to be conducted at the Annual Meeting. Only stockholders with a valid control number may submit questions at the Annual Meeting. Questions can be submitted by accessing [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771) and typing the question in the box in the virtual meeting portal. To help ensure that the Annual Meeting is productive and efficient, and in fairness to all stockholders in attendance, the Company requests that stockholders limit submissions to one question or comment and that remarks are respectful of fellow stockholders and meeting participants. Questions may be grouped by topic by our management with a representative question read aloud and answered. In addition, questions may be ruled as out of order if they are, among other things, irrelevant to our business, related to legal matters, ongoing negotiations or potential transactions, or other matters which the Company does not comment on, disorderly, repetitious of statements already made, or in furtherance of the speaker's own personal, political or business interests.

A list of stockholders of record will be available during the Annual Meeting for inspection by stockholders with a valid control number at [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771).

If you have difficulty accessing the virtual Annual Meeting or asking questions during the meeting, a support line will be available on the login page of the virtual meeting website.

## STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of September 10, 2020, concerning the beneficial ownership of the Company’s Common Stock of (a) those individuals who are known to be the beneficial owners, as defined in Rule 13d-3 of the Securities Exchange Act of 1934 (the “Exchange Act”), of 5% or more of the Company’s Common Stock, (b) each director and director nominee, (c) the executive officers named in the Summary Compensation Table and (d) all of our current directors and executive officers as a group. The mailing address of each director, director nominee and executive officer shown in the table below is c/o Jack Henry & Associates, Inc., 663 Highway 60, Monett, Missouri 65708.

Beneficial Owner	Number of Shares Beneficially Owned (1)	Percentage of Shares Outstanding (1)
The Vanguard Group	9,527,770 (2)	12.4 %
BlackRock Inc.	8,938,514 (3)	11.7 %
Capital World Investors	4,952,538 (4)	6.5 %
John F. Prim	195,145 (5)	*
David B. Foss	123,544 (6)(12)	*
Wesley A. Brown	90,451 (5)	*
Kevin D. Williams	50,131 (7)(12)	*
Matthew C. Flanigan	45,255 (5)	*
Thomas A. Wimsett	23,941 (5)	*
Jacque R. Fiegel	17,149 (5)	*
Thomas H. Wilson, Jr.	13,110 (5)(8)	*
Laura G. Kelly	11,928 (5)(9)	*
Gregory R. Adelson	10,176 (10)(12)	*
Shruti S. Miyashiro	8,170 (5)	*
Steven W. Tomson	7,345 (12)	*
Craig K. Morgan	5,095 (11)(12)	*
All current directors and executive officers as a group (16 persons)	643,681 (12)(13)	*

\* Less than 1%

- (1) Except as otherwise noted in the footnotes, information is set forth as of September 10, 2020. The persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, except as noted below. With respect to shares held in the Company’s 401(k) Plan (the “Retirement Plan”), a participant has the right to direct the disposition of shares allocated to their account and a participant is allowed to vote the shares held in their individual account.
- (2) According to a Schedule 13G/A filed February 11, 2020, The Vanguard Group has shared dispositive power with respect to 150,786 shares, sole dispositive power with respect to 9,376,984 shares, shared voting power with respect to 40,542 shares and sole voting power with respect to 117,761 shares. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (3) According to a Schedule 13G/A filed February 4, 2020, BlackRock Inc. has sole voting power with respect to 8,121,310 shares and sole dispositive power with respect to 8,938,514 shares. The address for BlackRock Inc. is 55 East 52nd St., New York, NY 10055.
- (4) According to a Schedule 13G/A filed February 11, 2020, Capital World Investors has sole voting and dispositive power with respect to 4,952,538 shares. The address for Capital World Investors is 333 South Hope Street, Los Angeles, CA 90071.
- (5) Includes 1,029 restricted stock units that will vest on the earlier of the day prior to the Annual Meeting or November 19, 2020 for each non-employee director.
- (6) Includes 21,685 shares that are currently acquirable by exercise of outstanding stock options and 4,617 shares held in the Retirement Plan for Mr. Foss’s account.



- (7) Includes 11,209 shares held in the Retirement Plan for Mr. Williams's account.
- (8) Mr. Wilson has elected to defer receipt of 7,931 restricted stock units, which have fully vested and will become payable, in cash or common stock at the Company's option, upon Mr. Wilson's termination of service as a director of the Company pursuant to Mr. Wilson's deferral elections. Each restricted stock unit is the economic equivalent of one share of common stock. These deferred restricted stock units have previously been inadvertently counted as beneficially owned but are now excluded from the amounts set forth in this table.
- (9) Ms. Kelly has elected to defer receipt of 2,352 restricted stock units, which have fully vested and will become payable, in cash or common stock at the Company's option, either upon Ms. Kelly's termination of service as a director of the Company or on specified future dates, pursuant to Ms. Kelly's deferral elections. Each restricted stock unit is the economic equivalent of one share of common stock. These deferred restricted stock units have previously been inadvertently counted as beneficially owned but are now excluded from the amounts set forth in this table.
- (10) Mr. Adelson has elected to defer receipt of 3,564 performance shares, which have fully vested and will become payable, in cash or common stock, at the Company's option, upon Mr. Adelson's termination of service with the Company pursuant to Mr. Adelson's deferral elections. Each performance share is the economic equivalent of one share of common stock. These deferred performance shares have previously been inadvertently counted as beneficially owned but are now excluded from the amounts set forth in this table.
- (11) Includes 916 shares held in the Retirement Plan for Mr. Morgan's account.
- (12) Includes shares underlying vested performance shares that will be delivered for settlement to executive officers on or about September 20, 2020 in the following amounts: 32,056 shares to Mr. Foss; 12,822 shares to Mr. Williams; 2,079 shares to Mr. Adelson; 3,174 shares to Mr. Morgan; 2,327 shares to Mr. Tomson; and 8,000 shares to other executive officers.
- (13) Includes 34,241 shares beneficially owned by other executive officers. This amount excludes 19,643 performance shares, which have fully vested but have been deferred by other executive officers. These deferred performance shares have previously been counted as beneficially owned but are not excluded from the amounts set forth in this table.

## **PROPOSAL 1 ELECTION OF DIRECTORS**

### **Procedure**

At the Annual Meeting, the stockholders will elect nine (9) directors to hold office for one-year terms ending at the 2021 Annual Meeting of Stockholders or until their successors are elected and qualified. The Board has nominated the Company's nine (9) current directors for re-election at the Annual Meeting.

The stockholders are entitled to one vote per share on each matter submitted to vote at any meeting of the stockholders. Unless contrary instructions are given, the persons named in the enclosed Proxy Card or their substitutes will vote "FOR" the election of the nominees named below.

Each of the nominees has consented to serve as director. However, if any nominee at the time of election is unable to serve or is otherwise unavailable for election, and as a result other nominees are designated by the Board, the persons named in the enclosed Proxy Card or their substitutes intend to vote for the election of such designated nominees.

### **Director Qualifications and Selection**

Under the Company's Corporate Governance Guidelines, the Governance Committee is charged with the responsibility for determining the appropriate skills and characteristics required of Board members and are to consider such factors as experience, strength of character, maturity of judgment, technical skills, diversity, and age in assessing the needs of the Board. The Corporate Governance Guidelines specify that a majority of the members shall qualify as independent under applicable Nasdaq Global Select Market ("Nasdaq") listing standards. While the term "diversity" is not specifically defined in the Corporate Governance Guidelines and there is no formal policy regarding application of the term, it has been the practice of the Governance Committee to apply the term broadly, resulting in Board composition over the years that has reflected diversity in race, gender, and age, as well as diversity in business experience and in representation of the markets served by the Company.

While the Company has a nomination policy by which stockholders may recommend to the Governance Committee certain prospective directors for consideration (See "Corporate Governance—Stockholder Recommended Director Candidates," below), to date no such recommendation has ever been received. If such a recommendation is received in the future, it will be evaluated in the same manner as any other recommendation to the Governance Committee. The Governance Committee nomination process varies depending upon the particular expertise and skill set sought by the Governance Committee. The process can be informal, consisting of solicitation of suggestions of possible candidates from other Board members and management, contacting candidates to determine interest level, and in-person interviews to determine "fit." The Governance Committee has also used a more formal process utilizing a recruiting firm to identify candidates, screening of recommendations, followed by telephone and in-person interviews, background checks and Governance Committee evaluation and nomination. The Governance Committee will in the future continue to use a mix of formal and informal processes to identify appropriate candidates for the Board.

The Company's Board has also adopted a "Proxy Access for Director Nominations" bylaw as part of the Company's Bylaws. The proxy access bylaw permits a stockholder, or certain groups of stockholders, meeting the requirements contained in the proxy access bylaw to nominate and include in the Company's proxy materials director nominees constituting up to two individuals or 20% of the Board (whichever is greater). See "Stockholder Nominated Director Candidates" on page 13 for more information.

## Nominees for Election

The nominees for election as directors of the Company, as well as certain information about them, are as follows:

<u>Name</u>	<u>Position with Company</u>	<u>Director Since</u>
John F. Prim	Chairman	2007
Matthew C. Flanigan	Vice Chairman and Lead Director	2007
Thomas H. Wilson, Jr.	Director	2012
Jacque R. Fiegel	Director	2012
Thomas A. Wimsett	Director	2012
Laura G. Kelly	Director	2013
Shruti S. Miyashiro	Director	2015
Wesley A. Brown	Director	2015
David B. Foss	President, Chief Executive Officer and Director	2017

We believe that all the Company's directors possess required common attributes such as good judgment, intelligence, strategic perspective, financial literacy and business experience. They each exhibit a strong commitment of time and attention to their roles as directors. We also have sought certain specific skills and backgrounds in our directors to provide an array of expertise in the Board. The chart below summarizes certain specific qualifications, attributes and skills for each director. A check mark indicates a specific area of focus or expertise of a director on which the Board relies, but a lack of a check mark does not mean that an individual does not possess that skill.

## Board Skills Matrix

Expertise	Board of Directors								
	Prim	Flanigan	Wilson	Fiegel	Wimsett	Kelly	Miyashiro	Brown	Foss
Leadership	✓	✓	✓						✓
Finance	✓	✓	✓		✓			✓	✓
Banking Business				✓	✓			✓	
Credit Union Business							✓		
Payments					✓	✓			
Compliance				✓		✓	✓		
Governance		✓				✓		✓	
Regulatory				✓	✓		✓		
Technology	✓		✓						✓

## Nominee Information

The following information relating to the Company's directors, all of whom are United States citizens, details their principal occupations, business experience and positions during the past five years, as well as the specific experiences, qualifications, attributes and skills that led to the conclusion that they should serve as directors of the Company:

**John F. Prim, age 65, Chairman.** Mr. Prim has served as Chairman of the Board since 2012. He previously held the position of Executive Chairman of the Board from July 1, 2016 through June 29, 2018. Mr. Prim served as Chief Executive Officer from 2004 to June 30, 2016. He served as President from 2003 to 2004 and as Chief Operating Officer from 2001 to 2003. Mr. Prim joined the Company in 1995 as part of the acquisition of the Liberty division of Broadway & Seymour, Inc. He previously served as General Manager of the Company's E-Services and OutLink Services Divisions. Mr. Prim has spent his whole career in our industry, starting as a sales representative for Burroughs Corporation selling products and services to banks and thrifts before joining Broadway & Seymour's community banking unit in 1985, where he served in a number of positions including National Sales Manager. His broad experience in the industry in both operations and sales, as well as his extensive successful experience in various management roles at Jack Henry, led to his appointment as CEO in 2004, and these

same factors informed the decision to appoint him to the Board in 2007, name him Chairman in 2012 and then Executive Chairman in 2016. Mr. Prim earned a Master's in Business Administration degree in 1985 from Queens University in Charlotte, N.C.

**Matthew C. Flanigan, age 58, Vice Chairman and Lead Director.** Mr. Flanigan is former Executive Vice President, Chief Financial Officer and nine-year Board Member of Leggett & Platt, Incorporated, having retired from those positions in 2019. Headquartered in Carthage, Missouri, Leggett & Platt is a leading manufacturer of engineered components and products found in many homes, offices, automobiles and airplanes. Mr. Flanigan was appointed Senior Vice President in 2005 and became Chief Financial Officer in 2003. From 1999 until 2003, he served as President of the Office Furniture and Plastics Components Groups of Leggett & Platt. Prior to joining Leggett & Platt in 1997, Mr. Flanigan was employed in the banking industry for 13 years, the last 10 of which as executive manager for Societe Generale S.A. in Dallas, the largest non-U.S. lending institution in the Southwestern United States at that time. Mr. Flanigan currently serves as a director of Performance Food Group Company (NYSE: PFGC), one of the nation's largest food distribution companies. Mr. Flanigan brings to our Board expertise in banking and in finance, risk and compliance functions as well as a unique perspective coming from his wide experience at a large, global S&P 500 manufacturer as both an executive and Board Member. Mr. Flanigan was appointed "Lead Director" by the independent directors in 2012.

**Thomas H. Wilson, Jr., age 59, Director.** Mr. Wilson is a Managing Partner at DecisionPoint Advisors, LLC in Charlotte, N.C., a specialized merger and acquisition advisory firm for mid-market technology companies and currently serves as a director of NN, Inc. (Nasdaq: NNBR), a diversified industrial company. Prior to joining DecisionPoint in 2008, he served as Chairman and CEO of NuTech Solutions from 2004 to 2008, a business intelligence software company that was acquired by Netezza. From 1997 to 2004, Mr. Wilson was President of Osprey, a consulting and systems integration firm. Prior to his work at Osprey, Mr. Wilson was employed by IBM for 14 years in a variety of management and sales positions. Mr. Wilson earned a Master's in Business Administration from Duke University and has served on the boards of various non-profit and community organizations, including North Carolina Innovative Development for Economic Advancement (NC IDEA), Junior Achievement and the Charlotte United Way. Mr. Wilson brings to the Board extensive management and sales experience in technology companies, as well as expertise in technology-oriented investment banking and mergers and acquisitions.

**Jacque R. Fiegel, age 66, Director.** Ms. Fiegel is Chairman, Central Oklahoma Area of Prosperity Bank in Oklahoma City, Oklahoma. Ms. Fiegel serves on the Management Committee and Strategic Technology Oversight Committee at Prosperity. Prior to its acquisition by Prosperity Bank, she served at Coppermark Bank as Senior Executive Vice President, Chief Operating Officer and director, as well as director and treasurer of affiliates Coppermark Bancshares, Inc. and Coppermark Card Services, Inc. She began her career at the bank in 1976 as a teller. Ms. Fiegel is a former member of the Oklahoma City Branch Board of the Federal Reserve Bank of Kansas City, a former director of the Oklahoma Bankers Association, and was previously a director and past President of the Economic Club of Oklahoma, as well as a number of civic organizations in Oklahoma City. Ms. Fiegel was named in 2008 one of the US Banker "25 Most Powerful Women in Banking" and to the "25 Women to Watch" lists in both 2009 and 2010. Ms. Fiegel brings to the Board a broad experience with and understanding of bank technology, banking operations, financial management and the overall banking business.

**Thomas A. Wimsett, age 56, Director.** Mr. Wimsett is the Founder and Chairman of Merchant's PACT, a payments consulting firm he formed in 2012. He also has served as Executive Chairman of ControlScan, Inc., a payment card compliance, network and managed security services firm, since 2014. He is a 35-year veteran of the payments industry, most recently as a founder in 2003 and the Chairman and Chief Executive Officer of Iron Triangle Payment Systems (renamed NPC in 2006), a leading merchant payment processor, which was acquired by Fifth Third Processing Solutions (now Fidelity National Information Services, Inc.) in late 2010. Prior managerial and executive positions in the payments industry include President and CEO of National Processing Company (NYSE: NAP) from 1999 to 2002. He formerly served as Chairman and director of Town & Country Bank and Trust Company in Bardstown, Kentucky. Mr. Wimsett brings deep knowledge and experience in the payments industry to the Board, including service for more than 10 years as a director or advisory board member of the Electronic Transaction Association, an international trade association, and prior roles as a director of MasterCard's US Board and on advisory boards for both Discover Card and Visa.

**Laura G. Kelly, age 63, Director.** Ms. Kelly is a Managing Director of CoreLogic, Inc. where she is President of The Columbia Institute, a mortgage industry education affiliate. She also currently serves as a director for RE/MAX Holdings,

Inc. (NYSE: RMAX). Prior to joining CoreLogic, Ms. Kelly served Dun & Bradstreet Corporation as Chief Product and Content Officer from 2013 to 2015, and American Express Company, where she was Senior Vice President and General Manager in Global Payments from 2011 to 2013. From 2005 to 2011, Ms. Kelly was employed by MasterCard Worldwide, Inc. as Executive Vice President and Group Head with Global Product responsibilities in Prepaid and Debit. Prior to MasterCard, Laura held various positions with Southwest Business Corporation, The Concours Group and USAA and served her country as an active duty and reserve officer in the United States Air Force. Ms. Kelly brings to the Board extensive management experience in data analytics, payments and financial services technology. Her background includes a focus on risk management, digital transformation and experience developing international payments products and services. Ms. Kelly is a certified public accountant, a certified property and casualty underwriter, an associate in risk management and earned a Master's in Business Administration from Auburn University.

**Shruti S. Miyashiro, age 49, Director.** Ms. Miyashiro is President and Chief Executive Officer of Orange County's Credit Union, which she has led since 2007. Orange County's Credit Union is based in Santa Ana, California with \$2 billion in assets. Prior to her appointment as CEO of Orange County's Credit Union, Ms. Miyashiro held other senior positions in financial services organizations, including President and CEO of a federal credit union from 2004 to 2007 and President and CEO of Orange County Group, Inc. from 2002 to 2004. Ms. Miyashiro has served in numerous leadership positions in the credit union industry, including state and national committees for the California Credit Union League and the Credit Union National Association, as well as the Board of Directors of CO-OP Financial Services, a large credit union services organization which serves institutions nationwide. Ms. Miyashiro serves on the Advisory Committee for the California Department of Oversight and as a director of Federal Home Loan Bank of San Francisco. Ms. Miyashiro brings to the Board the perspective and experience of a large credit union customer, as Orange County's Credit Union uses the Company's Episys core software system and many of our complementary products and services. Ms. Miyashiro earned a Master's in Business Administration from the University of Redlands.

**Wesley A. Brown, age 66, Director.** Mr. Brown currently serves as President of Bent St. Vrain & Company, LLC, a Denver-based bank consulting firm that he formed in 2016, and as director of FirstBank Holding Company, a \$20 billion asset bank holding company based in Lakewood, CO. Mr. Brown served KPMG, LLP as Managing Director in its Corporate Finance subsidiary from June 2014 to his retirement in October 2015. From 2004 to 2014, Mr. Brown was a co-founder and Managing Director of St. Charles Capital, LLC in Denver, Colorado, where he also served as its first President and Compliance Officer. Mr. Brown has specialized in merger transactions and financings for financial institutions, completing over 125 transactions totaling in excess of \$3.5 billion over his career. His connections with and to the community banking industry in the Rocky Mountain Region are extensive, as he has personally worked on approximately half of all Colorado bank and thrift merger transactions from 1993 through 2015. Prior to founding St. Charles Capital, he served as Managing Director of McDonald Investments, Inc. (2001-2004) and Executive Vice President of The Wallach Company (1991-2000). Mr. Brown previously served as a Director from 2005 to 2014, when he resigned due to changes in the terms and requirements of his employment by the national accounting and consulting firm KPMG. In addition to experience with finance and compliance, Mr. Brown brings a deep knowledge of the banking industry to the Board as well as unique insight to the Company's mergers and acquisitions. Mr. Brown earned a Master's in Business Administration with Honors from the University of Chicago.

**David B. Foss, age 58, President and Chief Executive Officer.** Mr. Foss was named President and Chief Executive Officer of the Company on July 1, 2016, having previously been appointed President in 2014. Mr. Foss's prior positions with the Company include President of the Company's ProfitStars Division from 2009 to 2014 and General Manager of ProfitStars from 2006 to 2009. He led the Company's Acquisition and Business Integration unit from 2004 to 2006, during which time the Company completed 10 acquisitions. Mr. Foss's prior positions with the Company include General Manager of the Complementary Solutions Group from 2000 to 2004 and President of the Open Systems Group from 1999 to 2004. He is also currently serving as a director of CNO Financial Group, Inc. (NYSE: CNO). Before joining the Company in 1999, Mr. Foss held a variety of positions in the financial services industry including senior operations management, sales management, and supervisory roles at BancTec, Advanced Computer Systems and NCR. His long tenure in the industry and variety of leadership roles provide significant experience to the Company and its products, employees and customers.

## Director Independence

Seven of the nine nominated directors are independent. Non-employee directors Flanigan, Wilson, Fiegel, Wimsett, Kelly, Miyashiro and Brown qualify as “independent” in accordance with the published listing requirements of Nasdaq. Mr. Prim and Mr. Foss do not qualify as independent because Mr. Prim was an employee of the Company within the prior three years and Mr. Foss is currently an employee of the Company. The Nasdaq rules have both objective and subjective tests for determining who is an “independent director.” The objective tests state, for example, that a director is not considered independent if he or she is an employee of the company, has been an employee within the prior three years, or is a partner in or executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenue for that year. The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board relies upon evaluation of director independence by the Board’s Governance Committee. In assessing independence under the subjective test, the Governance Committee took into account the standards in the objective tests and reviewed additional information provided by the directors with regard to each individual’s business and personal activities as they may relate to the Company and its management. Based on all the foregoing, as required by Nasdaq rules, the Governance Committee made a subjective determination as to each of Ms. Fiegel, Kelly and Miyashiro and Messrs. Flanigan, Wilson, Wimsett and Brown that no relationship exists, which, in the opinion of the Committee, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Governance Committee has not established categorical standards or guidelines to make these subjective determinations but considers all relevant facts and circumstances.

In making its independence determinations, the Governance Committee considered transactions occurring since the beginning of its 2017 fiscal year between the Company and entities associated with the independent directors or members of their immediate family. The Governance Committee considered the customer relationships between the Company and each of (1) the credit union associated with Ms. Miyashiro, (2) the bank associated with Ms. Fiegel and (3) the bank associated with Mr. Brown. For each of these customer relationships, the Governance Committee has determined that these transactions were on terms no less favorable to the Company than arrangements with other unaffiliated customers and that because of the amounts involved in relation to the total revenues of the Company and the applicable credit union or bank, the relationships did not impair the independence of Ms. Miyashiro, Ms. Fiegel or Mr. Brown. In all cases and in all years reviewed, the amounts received by the Company from each of these institutions were less than 1% of the Company’s total revenue for the year. The Governance Committee also considered that Mr. Wimsett is Chairman, Managing Partner, and majority owner of Merchant’s PACT which has a referral agreement with the Company. Because the amounts produced under this relationship have been well below amounts set in the Company’s Related Party Transactions Policy and constitute far less than 1% of the Company’s total revenue for the year, the Governance Committee has determined the relationship does not impair the independence of Mr. Wimsett. See “Certain Relationships and Related Transactions”, below for further information.

In addition to the Board-level standards for director independence, the directors who serve on the Audit Committee each satisfy standards established by the Securities and Exchange Commission (the “SEC”) providing that to qualify as “independent” for the purposes of membership, members of audit committees may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than their director compensation.

**THE BOARD RECOMMENDS THAT YOU VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES FOR ELECTION TO THE BOARD. PROXIES RECEIVED BY THE BOARD WILL BE VOTED FOR THE ELECTION OF EACH NOMINEE UNLESS STOCKHOLDERS SPECIFY IN THEIR PROXY CARD A VOTE OF “WITHHOLD” WITH RESPECT TO A NOMINEE.**

## CORPORATE GOVERNANCE

The Company and its businesses are managed under the direction of the Board. The Board generally meets a minimum of four times during the year but has complete access to management throughout the year.

### Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines which address the following subjects (the following description is qualified in its entirety by the Corporate Governance Guidelines):

- The majority of the Board should be independent under relevant Nasdaq standards.
- Independent directors should not be compensated by the Company other than in the form of director's fees (including any equity awards).
- Membership on the Audit, Compensation and Governance Committees should be limited to independent directors.
- The Board should conduct an annual self-evaluation to determine whether it and its committees are functioning properly.
- Non-management directors may meet in executive session from time to time with or without members of management.
- The Chief Executive Officer shall provide an annual report to the Governance Committee on succession planning.
- The Governance Committee is responsible for determining skills and characteristics of Board candidates, and should consider factors such as independence, experience, strength of character, mature judgment, technical skills, diversity and age.
- The Board will not adopt a shareholder rights plan or reprice stock options without a stockholder vote.
- The Board and its committees shall have the right at any time to retain independent counsel.
- Board members should not sit on more than 3 other boards of public companies.
- The Board should have at least 4 regularly scheduled meetings a year and members are invited to attend an annual review of business strategy conducted with senior management.
- Board members are expected to attend all Annual Meetings of the Stockholders.
- Stockholders may communicate with the Board by submitting written comments to the Secretary for the Company, who will screen out inappropriate communications and forward appropriate comments to the directors.
- Directors, executive officers and general managers of the Company should own minimum amounts of Company stock in relation to their base compensation and should retain and hold 75% of all shares granted, net of taxes, until the ownership requirements are met.
- When the Chairman is a member of management, the independent directors shall appoint a Lead Director to coordinate the activities of the independent directors, help to set the agenda and schedule for Board meetings, and chair Board and stockholder meetings in the absence of the Chairman.
- All directors, executives and employees are prohibited from engaging in hedging transactions, short sales, pledges, and trading in any publicly traded options involving the Company's stock.
- Directors may not stand for re-election after age 70.
- Executives are subject to a Recoupment Policy providing for clawback of incentive compensation in the event of a restatement of financial statements due to material non-compliance with reporting requirements.

### Stockholder Recommended Director Candidates

The Board has also adopted a Nomination Policy with respect to the consideration of director candidates recommended by stockholders. A candidate submission from a stockholder will be considered at any time if the following information is submitted to the Secretary of the Company (the following description is qualified in its entirety by the Nomination Policy):

- The recommending stockholder's name and address, together with the number of shares held, length of period held and proof of ownership;
- Name, age and address of candidate;

- Detailed resume of candidate, including education, occupation, employment and commitments;
- Any information required to be disclosed in the solicitation of proxies for election of a director under the Exchange Act;
- Description of arrangements or understandings between the recommending stockholder and the candidate;
- Statement describing the candidate's reasons for seeking election to the Board and documenting candidate's satisfaction of qualifications described in the Corporate Governance Guidelines;
- A signed statement from the candidate, confirming willingness to serve; and
- If the recommending stockholder has been a beneficial holder of more than 5% of the Company's stock for more than a year, then it must consent to additional public disclosures by the Company with regard to the nomination.

The Secretary of the Company will promptly forward complying nominee recommendation submissions to the Chairman of the Governance Committee. The Governance Committee may consider nominees submitted from a variety of sources including but not limited to stockholder recommendations. If a vacancy arises or the Board decides to expand its membership, the Governance Committee will evaluate potential candidates from all sources and will rank them by order of preference if more than one is identified as properly qualified. A recommendation will be made to the Board by the Governance Committee based upon qualifications, interviews, background checks and the Company's needs.

### **Stockholder Nominated Director Candidates**

The Company's Board has adopted a "Proxy Access for Director Nominations" bylaw as part of the Company's Bylaws. The proxy access bylaw permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials director nominees constituting up to two individuals or 20% of the Board (whichever is greater), provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in Article II, Section 2.12 of our Bylaws. See "Stockholder Proposals and Nominations" on page 53 for more information.

### **Majority Election Policy**

The Company's Bylaws and Corporate Governance Guidelines require that a director nominee only be elected if he or she receives a majority vote of the votes cast with respect to his or her election in an uncontested election. Thus, for a nominee to be elected, the number of votes cast "For" must exceed the number of votes cast as "Withheld" for the nominee. If a nominee who is currently serving as a director is not re-elected with a majority of the votes cast, then under the Corporate Governance Guidelines, he or she is required to submit a resignation to the Board. In this event, the Governance Committee will consider the tendered resignation and will make a recommendation to the Board as to whether to accept or reject the resignation. The Board must act on the tendered resignation within 90 days from the date of certification of the election results and must also promptly disclose its decision and explain its rationale.

### **Board Leadership Structure**

The Board does not have a fixed policy regarding the separation of the offices of Chairman of the Board and Chief Executive Officer. These offices were held by different persons from 2004-2012 but were combined in one person (Mr. Prim) from 2012-2016. In 2016, these two offices were again separated when Mr. Prim was appointed Executive Chairman and Mr. Foss was appointed President and Chief Executive Officer. The members of the Board believe that the Company has been well served in the past by both combined Chairman/CEOs and by separate persons in these offices and believes that the Board should maintain the flexibility to combine or separate these offices in the future if deemed to be in the best interests of the Company.

The Board has adopted a governance guideline providing for a "Lead Director." Under the guideline, when the Chairman is a member of Company management, the independent directors will annually appoint from among themselves a Lead Director. The Lead Director will coordinate the activities of the independent directors, coordinate with the Chairman to set the agenda and schedule for Board meetings, advise on materials distributed to directors, chair meetings of the Board and stockholders in the absence of the Chairman, call and chair executive sessions of the independent directors, and perform other duties assigned from time to time by the Board.



The Board is committed to strong, independent Board leadership and believes that objective oversight is critical to effective governance. Seven of our nine director nominees are independent, as are all members of the Audit, Compensation and Governance Committees of the Board. Four of the five members of the Risk and Compliance Committee are independent. The independent directors regularly meet in executive session without the non-independent directors.

### **Communication with the Board**

Stockholders and all other interested parties wishing to contact our Board may write to: Board of Directors of Jack Henry & Associates, Inc., Attn: Corporate Secretary, PO Box 807, 663 West Highway 60, Monett, MO 65708. The Corporate Secretary distributes this correspondence to the appropriate member(s) of the Board.

### **Risk Oversight**

Pursuant to the Company's Corporate Governance Guidelines, the Board performs its risk oversight function primarily through its Risk and Compliance, Audit and Compensation Committees. The Risk and Compliance Committee has primary responsibility for overseeing, monitoring and addressing the Company's enterprise and operational risks. The Risk and Compliance Committee is charged with overseeing the Company's risk management program that measures, prioritizes, monitors and responds to risks. This oversight includes ensuring the adequacy of management's design and implementation of information security measures. The Risk and Compliance Committee receives reports from the Company's Chief Information Officer, as well as other members of management. The Audit Committee oversees risks relating to financial statements and reporting, credit, and liquidity risks. The Compensation Committee is charged with oversight of risks in compensation policies and practices. The Board receives regular reports from these committees as well as management, assesses major risks, and reviews with management options for risk mitigation.

### **Corporate Responsibility and Sustainability**

The Company has long incorporated a commitment to corporate social responsibility into the way it does business and is committed to both doing the right thing and increasing stockholder value through increased focus and disclosure on these issues. The Board and the Governance Committee have oversight responsibility for matters related to environmental, social and governance ("ESG") issues, while the executive leadership team is held accountable for execution through their lines of business. For the last 18 months, the Company has been engaged in a process of reviewing its policies and practices related to issues regarding sustainable business matters. In 2020, the Company named its first Director of Corporate Responsibility, laid the groundwork for evolving in ESG responsibility, and began work on its first sustainability report to stockholders that will be completed by 2020 calendar year-end.

### **Code of Conduct**

The members of the Board, as well as the executive officers and all other employees, contractors, vendors and business partners of the Company are subject to and responsible for compliance with the Jack Henry & Associates Code of Conduct. The Code of Conduct contains policies and practices for the ethical and lawful conduct of our business, as well as procedures for confidential investigation of complaints and discipline of wrongdoers.

### **Governance Materials Available**

The Company has posted its significant corporate governance documents on its website at <https://ir.jackhenry.com/corporate-governance>. There you will find copies of the current Corporate Governance Guidelines, the Code of Conduct, the Compensation Committee Charter, the Governance Committee Charter (with attached Nomination Policy), Audit Committee Charter, and the Risk and Compliance Committee Charter, as well as the Company's Certificate of Incorporation and Bylaws. Other investor relations materials are also posted at <http://ir.jackhenry.com>, including SEC reports, financial statements and news releases.

## **The Board of Directors and Its Committees**

The Board held four regular meetings and two special meetings during the last fiscal year. Each director attended at least 75% of all meetings of the Board and all committees on which they served. The independent directors met in four executive sessions without management present during the last fiscal year. In accordance with our Corporate Governance Guidelines, all the directors attended the Annual Meeting of the Stockholders held on November 14, 2019.

The Governance Committee of the Board has determined that seven of the Board's nine members, Flanigan, Wilson, Fiegel, Wimsett, Kelly, Miyashiro and Brown are independent directors under applicable Nasdaq standards.

The Board has adopted stock ownership guidelines within the Corporate Governance Guidelines establishing stock ownership goals applicable to directors as well as senior management of the Company. Each non-employee director of the Company is expected to own Company shares having a value of at least five times the annual director cash retainer. Under the terms of the guidelines, new directors should be in compliance with this standard within five years after joining the Board. For this purpose, in addition to shares held outright, directors may include shares held in trust for immediate family members as well as the "in-the-money" value of any vested stock options and all vested and unvested restricted stock units. As measured on June 30, 2020, all directors on such date were in compliance with these guidelines.

The Board has the following four standing committees, each of which operates under a written charter adopted by the Board:

### *Audit Committee*

Chair: Wilson

Members: Flanigan, Wimsett, Brown

Meetings in FY 2020: 15

The Audit Committee selects and oversees the independent auditor, reviews the scope and results of the annual audit, including critical audit matters, reviews critical accounting policies, reviews internal controls over financial reporting, pre-approves retention of the independent registered public accounting firm for any services, oversees our internal audit function, reviews and approves all material related party transactions, reviews regulatory examination results and addresses financial reporting risks. All members of the Audit Committee are independent. The Board has determined that Matthew Flanigan, Thomas Wilson, and Thomas Wimsett are each an "audit committee financial expert" as defined by the SEC because of their extensive accounting and financial experience. Please see the Audit Committee Report in this Proxy Statement for information about our 2020 fiscal year audit.

### *Compensation Committee*

Chair: Flanigan

Members: Wilson, Miyashiro, Brown

Meetings in FY2020: 18

The Compensation Committee establishes and reviews the compensation, perquisites and benefits of the Company's executive officers, evaluates the performance of senior executive officers, makes recommendations to the Board on director compensation, considers incentive compensation plans for our employees and carries out duties assigned to the Compensation Committee under our equity compensation plans and employee stock purchase plan. Under its charter, the Compensation Committee has the authority to delegate certain responsibilities to subcommittees, but it may not delegate any matter relating to senior executive compensation. To date, the Compensation Committee has not delegated any of its responsibilities. All members of the Compensation Committee are independent. Please see the Compensation Committee Report and the Compensation Discussion and Analysis in this Proxy Statement for further information about the Compensation Committee's process and decisions in fiscal 2020.

### *Governance Committee*

Chair: Kelly

Members: Fiegel, Flanigan

Meetings in FY2020: 4

The Governance Committee identifies, evaluates and recruits qualified individuals to stand for election to the Board, recommends corporate governance policy changes, reviews executive succession planning and evaluates Board performance. The Governance Committee will consider candidates recommended by stockholders, provided such recommendations are made in accordance with the procedures set forth in the “Governance Committee Nomination Policy” attached to its charter, discussed in greater detail in “Stockholder Recommended Director Candidates,” above. All members of the Governance Committee are independent.

### *Risk and Compliance Committee*

Chair: Fiegel

Members: Wimsett, Prim, Kelly, Miyashiro

Meetings in FY2020: 10

The Risk and Compliance Committee reviews the Company’s compliance practices, reviews enterprise risks, oversees the Company’s risk assessment and management programs, reviews risk preparedness and mitigation, monitors regulatory compliance and oversees response to regulatory requirements. The Risk and Compliance Committee has four members who are independent and one (Mr. Prim) non-independent member. Please see “Risk Oversight” above for further information about the Committee’s risk management responsibilities.

### **Compensation Committee Interlocks and Insider Participation**

During our 2020 fiscal year, Messrs. Flanigan, Wilson, Brown and Ms. Miyashiro served on the Compensation Committee. None of the members of the Compensation Committee is currently or was formerly an officer or employee of the Company. Ms. Miyashiro is President and CEO of Orange County’s Credit Union, which is a customer of the Company as described below in “Certain Relationships and Related Transactions.” There are no other Compensation Committee interlocks and no insider participation in compensation decisions that are required to be reported under the SEC’s rules and regulations.

### **Director Compensation**

The following table sets forth compensation paid to our non-employee directors in fiscal year 2020. The compensation paid to Mr. Foss as an employee is detailed below at “Executive Compensation.”

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$) (1)</b>	<b>Options Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
John F. Prim	226,000	153,342	-	-	-	379,342
Matthew C. Flanigan	139,000	153,342	-	-	-	292,342
Thomas H. Wilson	123,000	153,342 (2)	-	-	-	276,342
Thomas A. Wimsett	96,000	153,342	-	-	-	249,342
Wesley A. Brown	106,500	153,342	-	-	-	259,842
Jacque R. Fiegel	88,000	153,342	-	-	-	241,342
Laura G. Kelly	88,000	153,342	-	-	-	241,342
Shruti S. Miyashiro	99,000	153,342 (2)	-	-	-	252,342

(1) These amounts reflect the aggregate grant date fair value of restricted stock units granted in the fiscal year ended June 30, 2020, in accordance with FASB ASC Topic 718. For assumptions used in determining the fair value of restricted stock units granted, see Note 10 to the Company’s 2020 Consolidated Financial Statements.

(2) Includes amounts deferred pursuant to the Company’s Non-Employee Director Deferred Compensation Plan.

A director who is employed by the Company does not receive any separate compensation for service on the Board. In the fiscal year ended June 30, 2020, each non-employee director received annual retainer compensation of \$40,000 per year plus \$3,500 for attending each in-person Board meeting and \$1,500 for each telephone Board meeting. The annual retainer is paid following the Annual Meeting of the Stockholders with respect to the period running from the Annual Meeting in November to the next Annual Meeting. Each non-employee director was also reimbursed for out-of-pocket expenses incurred in attending all Board and committee meetings.

The Non-Executive Chairman (Mr. Prim) is compensated with an additional annual retainer amount of \$100,000. The Lead Director (Mr. Flanigan) is compensated with an additional annual retainer amount of \$15,000.

Equity compensation is paid annually to the non-employee directors in the form of restricted stock units. These restricted stock units are issued under the Company's 2015 Equity Incentive Plan. For fiscal 2020, the annual grant amount paid to each non-employee director was 1,029 restricted stock units, granted on the third business day following the date of the 2019 Annual Meeting. The fiscal 2020 restricted stock units granted to the non-employee directors will vest on the earlier of the day prior to the Annual Meeting or November 19, 2020.

In the year ended June 30, 2020, the chair of the Audit Committee received an annual retainer of \$15,000 and the chairpersons of the Compensation, Governance and Risk and Compliance committees each received an annual retainer of \$10,000. In-person meeting fees of the committees, paid to all attending Board members, were \$2,000 per meeting for the Audit Committee and \$1,500 per meeting for all other Board committees. The telephone meeting fee paid to all attending Board members for all committees was \$1,500 per meeting. In addition, Board members may be paid a "Board Service Fee" of \$1,000 per day for service to the Company in support of Board or committee functions on days when there is no scheduled meeting.

In fiscal 2020, the directors listed above were not eligible to participate in any non-equity incentive plan compensation from the Company or any pension plan of the Company. Non-employee directors are eligible for and may elect to participate in the Company's Non-Employee Director Deferred Compensation Plan. In fiscal 2020, only the restricted stock unit awards to non-employee directors were eligible for deferral and two of the non-employee directors elected deferral of all or part of their award. Deferred amounts are maintained by the Company in bookkeeping accounts. Stock awards that are deferred are deemed invested in the Company's common stock, and deemed dividends paid on deferred equity awards are invested in a Federal Rate fund. The deferred amounts are unsecured obligations of the Company. Restricted stock units that are deferred under the Company's Non-Employee Director Deferred Compensation Plan may be settled in stock or, at the option of the Compensation Committee, in cash.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Related Party Transactions**

Director Shruti S. Miyashiro is President and Chief Executive Officer of Orange County's Credit Union of Santa Ana, CA. Orange County's Credit Union is a customer of the Company and during the year ended June 30, 2020, it paid \$335,000 to the Company, primarily for software maintenance and implementation services. The Audit Committee has reviewed the transactions with the credit union and has concluded that they were on terms no less favorable to the Company than arrangements with other unaffiliated customers.

Director Jacque R. Fiegel is Chairman, Central Oklahoma Area, Prosperity Bank, which is a customer of the Company. In November 2019, the parent entity of Prosperity Bank acquired LegacyTexas Bank through a merger, which is also a customer of the Company. Combined total fiscal 2020 cash receipts from Prosperity Bank and cash receipts from LegacyTexas Bank from the merger date through June 30, 2020 were \$11,838,836, primarily for deconversion fees following the merger, software maintenance and item processing. The Audit Committee has reviewed the transactions with the bank and has concluded that they were on terms no less favorable to the Company than arrangements with other unaffiliated customers.

Director Wesley A. Brown is a director of FirstBank Holding of Lakewood, CO which is a customer of the Company. Total fiscal 2020 cash receipts from this customer were \$245,104, primarily for software maintenance and online financial management. The Audit Committee has reviewed the transactions with the bank and has concluded that they were on terms no less favorable to the Company than arrangements with other unaffiliated customers.

Director Thomas A. Wimsett is Chairman, Managing Partner, and majority owner of Merchant's PACT, formerly known as Wimsett & Co. On July 1, 2016, a "Referral Partner Agreement" was entered into between Merchant's PACT and the Company under which the Company may refer certain customers to Merchant's PACT for credit and debit card consulting services with a portion of the consulting fees paid to the Company for the referrals. On July 15, 2019, Merchant's PACT and the Company entered into an "Amended and Restated Referral Partner Agreement" which expanded the scope of the services and responsibilities of Merchant's PACT stated in the 2016 Referral Partner Agreement. In addition to the credit and debit card consulting services, Merchant's PACT may also engage and negotiate with certain merchant processing companies on revenue share, pricing, and terms on behalf of financial institution customers and their merchants. Under the terms of the amended agreement, all payments are made from Merchant's PACT to the Company and Merchant's PACT will not receive any payments from the Company. It is not expected that this relationship will produce fees to the Company in excess of \$100,000 in a year. Merchant's PACT paid the Company less than \$5,000 in referral fees in fiscal 2020.

The Audit Committee reviewed the relationships with Mr. Brown, and Mr. Wimsett and determined that they each did not qualify as a "Related Party Transaction" under the policy because Mr. Brown is solely a director of FirstBank Holding and because there were no payments over \$5,000 from Merchant's PACT to the Company in fiscal 2020. The Governance Committee also considered each of the transactions described in this paragraph and concluded that Ms. Miyashiro, Ms. Fiegel, and Mr. Brown to be independent directors despite the customer relationships. The Governance Committee also determined Mr. Wimsett to be independent despite the relationship between the Company and Merchant's PACT.

### **Related Party Transaction Policy**

The Board has adopted a written policy that requires all related party transactions to be reviewed and approved by the Audit Committee of the Board. The Audit Committee is charged with determining whether a related party transaction is in the best interests of, or not inconsistent with the interests of, the Company and its stockholders. In making this determination, the Audit Committee will consider such factors as whether the related party transaction is on terms no less favorable to the Company than terms generally available to unaffiliated third parties and the extent of the related party's interest in the transaction. No director may participate in any discussion, approval or ratification of any transaction in which he or she has an interest, except for the purpose of providing information concerning the transaction. For transactions in which the aggregate amount is less than \$200,000, the Chairman of the Audit Committee has been delegated the authority to pre-approve related party transactions, subject to later review by the full committee. At least annually, ongoing related party transactions will be reviewed to assess continued compliance with the policy. For purposes of the Related Party Transaction Policy, a related party transaction is a transaction or relationship in which the aggregate amount involved will be or may exceed \$100,000 in any calendar year, involves the Company as a participant, and in which any related party has or will have a direct or indirect interest (other than solely as a result of being a director or less than 10% beneficial owner of the other entity). A related party is any executive officer, director, or more than 5% beneficial owner of the Company or any immediate family member of such persons.

The policy also contains standing pre-approvals of certain transactions that are not believed to pose any material risk to the Company even if the aggregate amount exceeds \$100,000 in a calendar year, including: employment arrangements with executive officers, director compensation, transactions involving competitive bids, certain banking-related services, and certain Company charitable contributions. Standing approval is also provided for transactions with another company where the related party's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that entity's shares, if the aggregate amount does not exceed \$1,000,000 or 2% of that entity's annual revenues.

## **DELINQUENT SECTION 16(a) REPORTS**

The Company is required to identify any director, officer or greater than 10% beneficial owner who failed to timely file with the SEC a report required under Section 16(a) of the Exchange Act relating to ownership and changes in ownership of the Company's Common Stock. The required reports consist of initial statements on Form 3, statements of changes on Form 4 and annual statements on Form 5. To the Company's knowledge, based solely on its review of the copies of such forms received by it, the Company believes that during the fiscal year ended June 30, 2020 all required Section 16(a) filings were filed timely, except that (i) due to an administrative oversight, a Form 4 reporting the issuance of restricted stock units was not timely filed by each of Mr. Foss, Mr. Williams, Mr. Morgan, Mr. Tomson, Mr. Bernthal, Mr. Zengel and Mr. Ron Moses, but each of these transactions were subsequently reported, (ii) due to an administrative oversight, two Form 4s reporting the issuance of restricted stock units were not timely filed by each of Mr. Adelson and Mr. Bilke, but each of these transactions were subsequently reported, and (iii) due to an administrative oversight, a Form 4 reporting the issuance of restricted stock units was not timely filed by each of Mr. Prim, Mr. Brown, Ms. Fiegel, Mr. Flanigan, Ms. Kelly, Ms. Miyashiro, Mr. Wilson and Mr. Wimsett, but each of these transactions were subsequently reported.

## AUDIT COMMITTEE REPORT

The Audit Committee of the Company's Board of Directors is currently composed of four independent directors. The Board has determined that Audit Committee member Matthew C. Flanigan, Thomas Wilson, and Thomas Wimsett are "audit committee financial experts" under relevant SEC standards because of their extensive accounting and financial experience. The Board and the Audit Committee believe that the Audit Committee's current members satisfy all Nasdaq and SEC rules that govern audit committee composition.

The Audit Committee operates under a written Charter adopted by the Board. The Charter requires the Audit Committee to oversee and retain the independent registered public accounting firm, pre-approve the services and fees of the independent registered public accounting firm, regularly consider critical accounting policies of the Company, review and approve material related party transactions, receive reports from the Company's Director of Internal Audit and General Manager of Enterprise Risk Management, and establish procedures for receipt and handling of complaints and anonymous submissions regarding accounting or auditing matters. The Charter also contains the commitment of the Board to provide funding and support for the operation of the Audit Committee, including funding for independent counsel for the Committee if the need arises.

The role of the Audit Committee is to assist the Board in its oversight of the Company's financial reporting process. Management has the primary duty for the financial statements and the reporting process, including the systems of internal controls. The independent registered public accounting firm is responsible for auditing the Company's financial statements and expressing an opinion as to their conformity to accounting principles generally accepted in the United States.

In the performance of its oversight function, the Audit Committee has reviewed and discussed with management and the independent registered public accounting firm the Company's audited financial statements. The Audit Committee also has discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirement of the Public Company Accounting Oversight Board ("PCAOB") and the SEC. In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered accounting firm its independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. These meetings without management present are held at least once each year, and such meeting was held in the fiscal year just ended.

In reliance on the reviews and discussion referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the Company's audited financial statements be included in the Company's 2020 Annual Report to Stockholders and Annual Report on Form 10-K for the year ended June 30, 2020 for filing with the SEC.

### **Audit Committee**

Thomas H. Wilson, Jr., Chair

Matthew C. Flanigan

Thomas A. Wimsett

Wesley A. Brown

## EXECUTIVE OFFICERS

The executive officers of the Company, as well as certain biographical information about them, are as follows:

<u>Name</u>	<u>Position with Company</u>	<u>Officer Since</u>
David B. Foss	President, Chief Executive Officer, and Director	2014
Kevin D. Williams	Chief Financial Officer and Treasurer	2001
Gregory R. Adelson	Chief Operating Officer	2018
Craig K. Morgan	General Counsel and Secretary	2016
Russell L. Bernthal	Senior Vice President and President of ProfitStars	2018
Teddy I. Bilke	Senior Vice President and Chief Technology Officer	2018
Steven W. Tomson	Senior Vice President and Chief Sales and Marketing Officer	2019
Stacey E. Zengel	Senior Vice President and President of Jack Henry Banking	2018

The following information is provided regarding the executive officers not already described herein, all of whom are United States citizens:

**Kevin D. Williams, age 61, Chief Financial Officer and Treasurer.** In 2001, Mr. Williams was appointed by the Board to serve as Chief Financial Officer and Treasurer of the Company, having previously served as Controller of the Company since joining the Company in 1998. Prior to joining the Company, Mr. Williams was a practicing CPA as a Senior Manager for the Baird Kurtz & Dobson public accounting firm. Mr. Williams's executive management responsibilities extend beyond finance and accounting to include investor relations and travel.

**Gregory R. Adelson, age 56, Chief Operating Officer.** Mr. Adelson was appointed Chief Operating Officer in November 2019 after serving as Vice President and General Manager of JHA Payment Solutions. As Chief Operating Officer, Mr. Adelson is responsible for the strategic direction and general leadership of approximately 6000 associates encompassing all business operating units, infrastructure and facilities. Mr. Adelson joined the Company in 2011 as Group President of iPay Solutions, the Company's online bill pay business unit. He was later promoted to General Manager of JHA Payment solutions in 2014 and Company Vice President in 2018. Prior to joining the Company, Mr. Adelson had several executive roles with payment processing companies, including Chief Operating Officer at National Processing Company and President at ChoicePay.

**Craig K. Morgan, age 44, General Counsel and Secretary.** Mr. Morgan was named General Counsel and Secretary in November 2016. Mr. Morgan had previously served as Managing Corporate Counsel and has served in multiple roles in the Legal Department since joining the Company in 2004. Prior to joining the Company, Mr. Morgan worked in research and development in the biotechnology industry.

**Russell L. Bernthal, age 62, Senior Vice President and President of ProfitStars.** Mr. Bernthal was appointed Vice President in July 2018. Mr. Bernthal joined the Company in 2005 through the acquisition of Tangent Analytics, Inc., where he served as President and CEO. In July 2014, he was promoted from Group President of Software Solutions to President of ProfitStars. Mr. Bernthal has over 35 years of entrepreneurial and leadership expertise in software products, consulting services, business development, and profitable operations throughout the global market.

**Teddy I. Bilke, age 59, Senior Vice President and Chief Technology Officer.** Mr. Bilke was appointed Chief Technology Officer in November 2019 and has served as a Vice President of the Company since July 2018. Mr. Bilke served as General Manager and President of Symitar beginning in 2010. Mr. Bilke joined the Company in 2005 and served in multiple positions, including General Manager of Symitar Development & Operations and Senior Director of Symitar Operations. Prior to joining the Company, Mr. Bilke had several roles in technology companies including Vice President of Lockheed Martin Space Operations (LMSO), Chief Operating Officer of Ascendant Solutions, Director of MCI Systemhouse, Vice President of Bell & Howell, and several roles with Electronic Data Systems (EDS).



**Steven W. Tomson, age 58, Senior Vice President and Chief Sales and Marketing Officer.** Mr. Tomson was appointed Vice President of Sales and Marketing in July 2019. Mr. Tomson joined the Company in 1998 via the acquisition of the Peerless Group, Inc. where he served as President. In 2001, he assumed the role of General Manager of the Complementary Solutions Group overseeing a deployment and support team of roughly 300 product and industry specialists. Mr. Tomson left the Company in 2002 to serve as President & CEO of Sentinel Data Solutions. Mr. Tomson returned to the Company in 2005, where he led the Sales unit supporting the ProfitStars® division of the Company and was named General Manager of Sales and Marketing in 2016, bringing the three departments together as one. Mr. Tomson has 36 years of experience in the systems and financial services industries.

**Stacey E. Zengel, age 58, Senior Vice President and President of Jack Henry Banking.** Mr. Zengel was appointed Vice President in 2018 and has served as President of Jack Henry Banking since 2016. Since joining the Company in 1999, Mr. Zengel has served in two General Manager positions, leading the Company's outsourcing and imaging businesses. Prior to joining the Company, Mr. Zengel worked for BancTec in the financial services industry and spent nine years working for a software provider in the vertical market home health care industry.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Company has reviewed and discussed the following Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the following Compensation Discussion and Analysis be included in this Proxy Statement.

### **Compensation Committee**

Matthew C. Flanigan, Chair

Thomas H. Wilson, Jr.

Shruti S. Miyashiro

Wesley A. Brown

## COMPENSATION DISCUSSION AND ANALYSIS

You will have the opportunity to cast an advisory vote on Jack Henry's executive compensation at this year's Annual Meeting (our "say on pay" vote), included as Proposal 2 in this proxy statement (page 48). We encourage you to review this section prior to casting your "say on pay" advisory vote.

At the Company's Annual Meeting of Stockholders held in November 2019, over 98% of the votes cast on say-on-pay at that meeting were voted in favor of the proposal. The Compensation Committee believes this vote strongly affirms the stockholders' support of the Company's approach to executive compensation, and the Committee did not change its basic approach to compensation of the named executive officers ("Named Executives") in fiscal 2020. However, for fiscal 2020 the Compensation Committee did decide to modify its program by choosing to allocate a portion of the long-term incentive compensation as time-based restricted stock units, after previously only including performance shares, and made additional one-time grants of restricted stock units to two Named Executives. See the discussion in Long Term Incentive Compensation on page 34 below for further information. The Compensation Committee believes that stockholder input on executive compensation is crucial and will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the Named Executives.

This Compensation Discussion and Analysis is designed to provide information regarding the philosophy and objectives underlying our compensation policies, the processes we follow in setting compensation, the components we utilize in compensating our top executives, and the resulting compensation outcomes. This discussion is focused on the "Named Executives" as of June 30, 2020: President and Chief Executive Officer David Foss, Chief Financial Officer and Treasurer Kevin Williams, Chief Operating Officer Gregory Adelson, General Counsel and Secretary Craig Morgan, and Senior Vice President and Chief Sales and Marketing Officer Steven Tomson. Specific information about the compensation of the Named Executives is set forth in the Summary Compensation Table and other compensation tables beginning on page 39, which should be read in conjunction with this discussion.

## Executive Summary

Fiscal 2020 was another successful year for Jack Henry and our stockholders. Total shareholder return was 77% for the three-year period ending on June 30, 2020 and 33% for the one-year period ending on the same date, using the average closing price of the last 30 calendar days of the fiscal year. We increased annual operating income in fiscal 2020 by 9.6%, primarily due to increased deconversion fees and revenue growth. The compensation decisions made by the Compensation Committee recognized these absolute and relative outcomes, and reflect a clear expression of the principle of pay for performance, which is at the center of our decisions regarding executive compensation. Although the COVID-19 pandemic began during fiscal 2020, the overall financial and operational impact on the Company from the pandemic was limited and the Compensation Committee did not implement any reductions or revisions to fiscal 2020 executive compensation. In broad terms, the fiscal 2020 executive compensation program implemented this pay for performance principle with the following elements of compensation:

<b>Base Pay</b>	Fixed and recurring cash compensation
<ul style="list-style-type: none"> <li>• Base pay is set at market competitive levels to attract and retain highly qualified and effective executives.</li> <li>• Fiscal 2020 base pay was increased between 0% to 22% in response to increased job responsibilities, competitive market data, and evaluation of individual performance.</li> </ul>	
<b>Annual Incentive Cash Bonus and Sales Commission</b>	Variable cash compensation tied to annual operating income versus budget and attainment of individual performance goals for all Named Executives other than Mr. Tomson; or
<p>Annual Incentive Cash Bonus – All Named Executives other than Mr. Tomson</p> <ul style="list-style-type: none"> <li>• Fiscal 2020 operating income increased 9.6% and finished the year at 104.3% of the annual budget set at the beginning of the year.</li> <li>• Fiscal 2020 bonus payments were 102.0% to 103.8% of targets as determined by the above budget operating income and individual performances.</li> <li>• Annual cash bonus targets were set at market-competitive levels and were expressed as percentages of base pay as follows for the Named Executives <ul style="list-style-type: none"> <li>◦ 125% of base pay for Mr. Foss</li> <li>◦ 80% of base pay for Mr. Williams</li> <li>◦ 50% of base pay for Mr. Adelson (for the period before November 15, 2019)</li> <li>◦ 80% of based pay for Mr. Adelson (for the period on and after November 15, 2019, the date when Mr. Adelson was appointed Chief Operating Officer)</li> <li>◦ 50% of base pay for Mr. Morgan</li> </ul> </li> </ul> <p>Sales Commission – Mr. Tomson</p> <ul style="list-style-type: none"> <li>• Mr. Tomson achieved a 110% attainment of his target sales credit on contracts signed in fiscal 2020</li> <li>• Mr. Tomson achieved a 100% attainment for the two semi-annual bonuses, each based on the attainment of six-month sales credit quotas on contracts signed in fiscal 2020</li> </ul>	
<b>Long-Term Incentive Compensation</b>	Performance shares that vest based on Jack Henry relative total shareholder return (“TSR”) <sup>1</sup> versus peers; and Time-based restricted stock units that vest based on continued service

Performance shares – approximately 60% of long-term incentive award value

- Three-year TSR was strong on an absolute basis at 77.3%.
- For the fiscal 2018 grant with a three-year performance period ending on June 30, 2020, Jack Henry’s TSR was at the 63rd percentile relative to its peer group, resulting in 115.3% of the target shares vesting
- Annual grants are made at market-competitive levels, and the target grant values for the fiscal 2020 performance shares (three-year measurement period ending June 30, 2022) were set at the following multiples of base pay:
  - 3.5 times for Mr. Foss
  - 1.4 times for Mr. Williams
  - 1.4 times for Mr. Adelson (comprising of 0.6 times for the period before November 15, 2019 and 0.8 times for the period on and after November 15, 2019, the date when Mr. Adelson was appointed Chief Operating Officer)
  - 0.6 times for Mr. Morgan
  - 0.7 times for Mr. Tomson

Restricted stock units – approximately 40% of long-term incentive award value

- Restricted stock units vest in annual installments over a three-year period from the grant date.
- Annual grants are made at market competitive levels, and the target grant values for the fiscal 2020 restricted stock units were set at the following multiples of base pay:
  - 2.3 times for Mr. Foss
  - 0.9 times for Mr. Williams
  - 0.9 times for Mr. Adelson (comprising of 0.4 times for the period before November 15, 2019 and 0.5 times for the period on and after November 15, 2019, the date when Mr. Adelson was appointed Chief Operating Officer)
  - 0.4 times for Mr. Morgan
  - 0.4 times for Mr. Tomson

Additional restricted stock unit grant – Mr. Foss

- Additional restricted stock units were granted to Mr. Foss in connection with his entering into a Retention Agreement (the “Retention Agreement”) with the Company on January 1, 2020. Under the Retention Agreement, Mr. Foss agreed to certain terms of non-competition and non-solicitation with the Company.
- The restricted stock units granted in connection with the Retention Agreement were in consideration for the non-competition and non-solicitation terms agreed to by Mr. Foss, in addition to the Compensation Committee’s desire to help retain Mr. Foss as an executive of the Company and in recognition of Mr. Foss’ high performance over the previous four years in his position as President and Chief Executive Officer.
- The restricted stock units vest as follows: 10% on the first anniversary of the grant date, 20% on each of the second and third anniversaries of the grant date, and 50% on the fourth anniversary of the grant date.

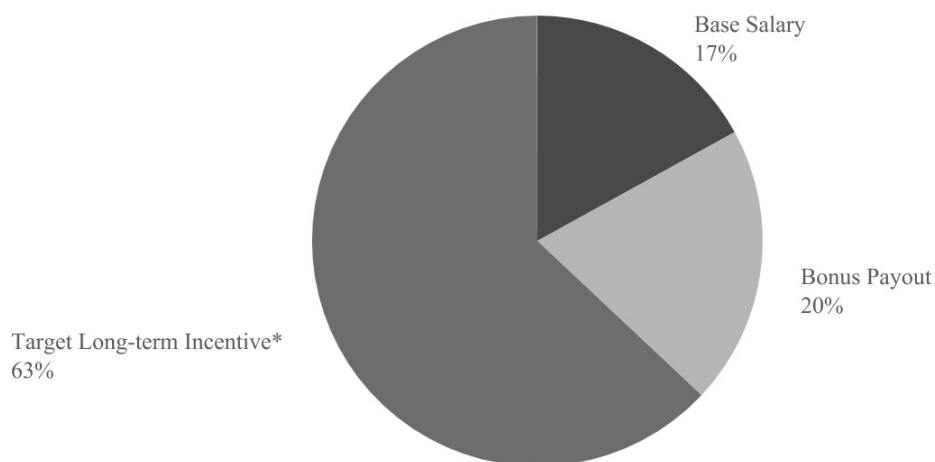
Additional restricted stock unit grant – Mr. Morgan

- Additional restricted stock units were granted to Mr. Morgan in February 2020. This award reflected the Compensation Committee’s desire to encourage retention of Mr. Morgan as an executive of the Company and in recognition of Mr. Morgan’s increase in responsibilities and his superior performance over the previous three years in his position.
- The restricted stock units vest in equal annual installments over a three-year period from the grant date.

(1)  $TSR = (\text{Change in Stock Price} + \text{Dividends over the measurement period}) \div \text{Beginning Stock Price}$ ; assumes reinvestment of dividends.

In the aggregate, the relative portions of these three primary elements that made up the pay mix for the five Named Executives in fiscal year 2020 are represented graphically in the following chart:

**FY2020 Named Executive Aggregate Pay Mix**



\* Does not include restricted stock units awarded to Mr. Foss in connection with the execution of his Retention Agreement.

The fiscal 2020 pay mix established by the Compensation Committee in July of 2019 clearly focused on retention and performance-based pay, and particularly emphasized long-term performance by the Company. The pay mix was intended to ensure that the Named Executives remained highly focused on the long-term success of the Company.

Mr. Tomson was deemed an executive officer of the Company in July of 2019, after the Compensation Committee had substantially completed its formulation of the fiscal 2020 executive compensation program and after Mr. Tomson's sales quota and compensation plan had been set as part of the Company's budget process for fiscal 2020. As a result, for fiscal 2020, Mr. Tomson continued to be compensated under the sales quota and commission plan, and the compensation program for members of the executive team who are not Named Executives, which is administered by Mr. Foss, as our CEO. Therefore, except as otherwise specifically indicated, where the discussion below refers to "Named Executives," it refers to the four Named Executives (Messrs. Foss, Williams, Adelson and Morgan) who were serving the Company as executive officers during the time period that the Compensation Committee was formulating the fiscal 2020 executive compensation program prior to the start of fiscal 2020.

### **Compensation Philosophy and Objectives**

Jack Henry's compensation philosophy is to offer compensation programs to our executives that:

- Attract and retain highly qualified and motivated executives;
- Encourage esprit de corps and reward outstanding performance;
- Focus executives on achieving consistent earnings growth;
- Encourage continuation of the Company's entrepreneurial spirit; and
- Reward the creation of stockholder value.

In meeting these objectives, the Compensation Committee strives for the interests of management and stockholders to be the same. To this end, the key financial performance measures are operating income and total shareholder return. Both measures emphasize a focus on revenue growth, operating efficiencies to yield strong margins, and returns to shareholders in excess of our peers.

The Compensation Committee designs and maintains compensation programs consistent with our executive compensation philosophy to achieve the following objectives:

- To attract, retain and motivate highly qualified executives by offering compensation programs that are competitive with programs offered by companies in our Compensation Peer Group.
- To link performance and executive pay by tying bonus amounts to achievement of key objectives under the Company's annual business plans, as well as specific individual performance goals.
- To reward competitive performance in comparison with peers in our industry.
- To reward the creation of long-term stockholder value through long-term incentive compensation awards and encourage significant stock ownership by top management to further align executive interests to those of our stockholders.

In pursuit of these objectives, the Compensation Committee believes that the compensation packages provided to the Named Executives should include both cash and equity-based compensation, with an emphasis on performance-based pay:

<b>Compensation Element</b>	<b>Purpose</b>
Base salary	<ul style="list-style-type: none"> <li>• Attract and retain highly qualified executives</li> </ul>
Annual cash incentive	<ul style="list-style-type: none"> <li>• Support pay-for-performance orientation</li> <li>• Focus executives on executing the annual operating plan and key financial and nonfinancial measures of success</li> </ul>
Annual sales commission plan (Mr. Tomson)	<ul style="list-style-type: none"> <li>• Support pay-for-performance orientation</li> <li>• Focus executive on attainment of sales results by the Company's sales team</li> </ul>
Long-term incentive	<ul style="list-style-type: none"> <li>• Align interests of executives and stockholders</li> <li>• Support a stock ownership culture</li> <li>• Drive long-term value creation</li> <li>• Encourage retention of executives</li> </ul>
Restricted stock units long-term incentive in connection with Retention Agreement (Mr. Foss)*	<ul style="list-style-type: none"> <li>• Encourage retention of Mr. Foss</li> <li>• Receive non-competition and non-solicitation commitments from Mr. Foss</li> <li>• Enhance stockholder alignment</li> <li>• Reward for continued success and outperformance</li> </ul>
Restricted stock units long-term incentive (Mr. Morgan)*	<ul style="list-style-type: none"> <li>• Encourage retention of Mr. Morgan</li> <li>• Recognize increased responsibilities and sustained high-performance</li> </ul>
Broad-based benefits	<ul style="list-style-type: none"> <li>• Attract and retain highly qualified executives</li> <li>• Reflect the broad practices at Jack Henry</li> </ul>
Termination provisions	<ul style="list-style-type: none"> <li>• Align management and stockholder interests to review attractive business alternatives</li> </ul>

\*The Compensation Committee does not intend these one-time grants to be a regular or recurring component of the compensation program.

### **Process for Establishing Compensation**

The Compensation Committee has overall responsibility for making decisions regarding the compensation of the Named Executives. In conducting annual performance reviews and determining appropriate compensation levels for the Named Executives, the Compensation Committee meets and deliberates outside the presence of the Named Executives and other members of the executive management team. With respect to the compensation levels for other Named Executives, the Compensation Committee considers input and recommendations from the President and Chief Executive Officer. Performance reviews of the Named Executives are based on objective and subjective evaluations of individual performance as well as their performance in the preceding fiscal year in achieving Company performance objectives. While our President and Chief Executive Officer makes recommendations concerning salary adjustments, cash bonus programs and award amounts for

the other Named Executives, the Compensation Committee exercises its discretion and sole authority to set the compensation of each of the Named Executives.

In designing compensation programs and determining compensation levels for the Named Executives for fiscal 2020, the Compensation Committee was assisted by an independent compensation consultant firm. The Compensation Committee engaged Willis Towers Watson (“WTW”), a global human resource consulting firm, to serve as its independent advisor and compensation consultant with respect to compensation programs for fiscal 2020. The Chairman of the Compensation Committee worked directly with WTW to determine the scope of the work needed to assist the Committee in its decision-making processes. The engagement of the consulting firm included provision of benchmark comparative data for the Named Executives with respect to base salaries, annual cash bonuses, long term incentives, and market data regarding severance. WTW was also engaged to provide analysis and advice to the Compensation Committee with respect to the compensation of the Company’s independent directors. For the period beginning April 17, 2020 through June 30, 2020, the Compensation Committee engaged Meridian Compensation Partners LLC (“Meridian”) as its compensation consultant firm. Other than in connection with the activities of the Compensation Committee, WTW and Meridian did not provide any other consultation or services to the Company or management. The Compensation Committee has assessed the independence of WTW and Meridian and determined that no conflict of interest exists under the rules established by the SEC. The Compensation Committee reviews the independence of its advisors annually.

On January 1, 2020, the Company entered into a Retention Agreement with Mr. Foss, pursuant to which Mr. Foss agreed to certain non-competition and non-solicitation covenants with the Company. The Compensation Committee and the Board recognized Mr. Foss’ leadership and value to the Company during his four years as President and Chief Executive Officer. The Compensation Committee recommended the Company enter into the Retention Agreement with Mr. Foss and the resulting one-time award of additional restricted stock units for the following purposes: (1) as consideration for the non-competition and non-solicitation covenants Mr. Foss agreed to with the Company in the Retention Agreement, (2) in recognition of Mr. Foss’ strategic vision for the Company and the desire to encourage retention of Mr. Foss as President and Chief Executive Officer, and (3) in recognition of Mr. Foss’ and the Company’s superior performance over the previous four years with the acknowledgement of Mr. Foss’ compensation relative to the Company’s peer group during this time. Because the restricted stock units vest over a four-year period, with half of the vesting occurring after the fourth year, this restricted stock unit award will provide direct incentive to Mr. Foss to remain with the Company and will enhance alignment of interest with stockholders. The non-competition and non-solicitation covenants by Mr. Foss also help ensure that Mr. Foss’ leadership and strategic vision remain a competitive advantage for the Company by making it more difficult for a competitor to attract him away. Additional details regarding this grant and the Retention Agreement are set forth in the Form 8-K filed on January 3, 2020.

In February 2020, the Compensation Committee recommended a one-time award of restricted stock units to Mr. Morgan. The Compensation Committee and the Board recognized Mr. Morgan’s increase in responsibilities and high performance during the prior three years of his holding the position of General Counsel. During this period of time, Mr. Morgan demonstrated his value to the Company by driving valuable corporate initiatives to strengthen the Company and increased his responsibility in expanding the size of the legal department. The Compensation Committee recommended a one-time award of restricted stock units to Mr. Morgan for the purpose of encouraging retention of Mr. Morgan as an executive of the Company and in recognition of Mr. Morgan’s increase in responsibilities and his superior performance over the previous three years in his position.

Mr. Tomson was designated a Section 16 reporting officer and an executive officer in July 2018. Due to the timing of this designation, the compensation information of Mr. Tomson was not included in the analysis and advice portion of the engagement with WTW and his sales quota and compensation plan had been set as part of the Company’s budget process for fiscal 2020, which is administered by Mr. Foss, as our CEO. Mr. Foss determined the compensation and sales quota of Mr. Tomson as part of the Company’s budget process and also as part of Mr. Foss’s routine annual merit increase process of his directly-reporting employees. The salary decisions were based on time in the position, amount of assigned responsibility, and reference to compensation examples of comparable positions. The annual cash bonus target comprised a sales commission based on established quotas for sales credit associated with executed customer contracts. The long-term incentive compensation was set at comparable rates for senior management within the Company and based on a multiplier of the



individual's salary. In the following discussion of compensation, references to the compensation of Mr. Tomson will be based on this separate decision-making process.

In making compensation decisions, the Compensation Committee compared each element of total direct compensation against a peer group of publicly traded companies in the software, payments and data processing industries against which the Compensation Committee believes we compete in the market for executive talent. We collectively refer to this group as the "Compensation Peer Group." In selecting companies for the Compensation Peer Group, the Compensation Committee has considered multiple criteria, including industry, annual revenue, and market capitalization. For fiscal 2020, the Compensation Peer Group was comprised of the following companies:

ACI Worldwide, Inc.	Black Knight, Inc.	Bottomline Technologies, Inc.
Broadridge Financial Solutions, Inc.	Cardtronics plc	Corelogic, Inc.
Euronet Worldwide, Inc.	ExlService Holdings, Inc.	Fair Isaac Corporation
Fidelity National Information Services, Inc.	Fiserv, Inc.	Fleetcor Technologies, Inc.
Global Payments, Inc.	Square, Inc.	SS&C Technologies Holdings, Inc.
Tyler Technologies, Inc.	Verint Systems, Inc.	WEX, Inc.

The Compensation Peer Group is reviewed annually and, as appropriate, updated by the Compensation Committee to make sure that members of the group are consistent with the Company's industry and financial scope and comparable in terms of size and labor pool. For comparison purposes, the Company's annual revenues were moderately below the median revenues of the members of the Compensation Peer Group, but the Company's market capitalization was moderately above the median of the group. Total System Services, Inc., which was included in the peer group at the beginning of fiscal 2020, was acquired by Global Payments, Inc. in September 2019 and is no longer listed on a stock exchange. As a result, this company has been removed from the peer group.

To benchmark each element of total compensation for our Named Executives, WTW provided data from two key sources: (1) an executive compensation survey reflective of our industry and the general industry and (2) public filings for the companies in our Compensation Peer Group. In reviewing compensation survey data, the Compensation Committee considered data for information technology companies with annual revenues similar to the Company. Sources of data for compensation surveys and analysis include surveys for our Compensation Peer Group and the information technology industry, in addition to proxy statements and other public filings by companies in our Compensation Peer Group.

In setting fiscal 2020 compensation, the Compensation Committee considered benchmarks for total cash compensation (i.e., base salary and annual cash incentives) and approved target bonus levels for the Named Executives which combined with the salaries approach the 50th percentile of the Compensation Peer Group. In targeting total cash compensation and long-term incentive compensation at or near the 50th percentile, the Compensation Committee recognized that there are certain limitations in the market data available for the Compensation Peer Group. Thus, in addition to considering levels of compensation suggested by market data, the Compensation Committee also considered other relevant factors including performance against pre-identified objectives under business plans for the preceding fiscal year, individual performance reviews, change in job duties, geographic location and internal equity for compensation levels among our executives.

The allocation between cash, non-cash, short-term and long-term incentive compensation is measured against the practices of our Compensation Peer Group and reflects the Compensation Committee's determination of the appropriate compensation mix among base pay, annual cash incentives and long-term equity incentives to encourage retention and performance. Actual cash and equity incentive awards are determined by the performance of the Company and the individual, depending on the type of award, compared to established goals. For fiscal 2020, the elements of the compensation mix included:

- Base salary, designed to attract and retain executives;
- Annual cash incentive bonus compensation, designed to focus on business, financial and individual objectives established by the Board for the year;
- Long-term incentive compensation consisting of (1) performance shares which are earned by achieving levels of total shareholder return compared to our Compensation Peer Group or the companies in the S&P Composite 1500 Information Technology Index (the "S&P 1500 IT Index"), and are designed to focus executives on the long-term

success of the Company as reflected in the market price of the Company's stock, comprising approximately 60% of the long-term incentive award value, and (2) restricted stock units, that vest over a three-year period and are designed to encourage retention of executives and support a stock ownership culture, comprising approximately 40% of the long-term incentive award value;

- Long-term incentive compensation consisting of a one-time grant of restricted stock units to Mr. Foss in connection with his entrance into the Retention Agreement;
- Long-term incentive compensation consisting of a one-time grant of restricted stock units to Mr. Morgan; and
- Broad-based employee benefits programs.

## **Base Salary**

In July of 2019, the Compensation Committee considered competitive data provided by WTW. Based on this data as well as individual and corporate performance and changes in executive duties, the Committee increased the base salaries of the President and Chief Executive Officer by 5.0%, Chief Financial Officer by 3.1%, Vice President and General Manager of JHA Payment Solutions (Mr. Adelson's title prior to November 15, 2019) by 4.9% and the General Counsel by 5.9%, effective October 1, 2019. As discussed above under "Process for Establishing Compensation", Mr. Foss determined to maintain Mr. Tomson's base salary for fiscal 2020. In connection with his promotion on November 15, 2019, Mr. Adelson, as Chief Operating Officer, received an additional increase of 16.8%, effective November 15, 2019.

Although the Compensation Committee believes that competitive base salaries are necessary to attract and retain a highly qualified and effective executive team, it also believes that a significant portion of executive compensation should be based on pay-for-performance.

## **Annual Incentive Cash Bonuses and Sales Commission**

### *Annual Incentive Plan*

It is our practice to provide Named Executives, other than Mr. Tomson who for fiscal 2020 had a separate sales commission plan, with the opportunity to earn annual incentive cash bonus compensation through programs that reward attainment of key objectives under corporate annual business plans. The objectives that underlie our annual incentive compensation programs may vary between fiscal years and between the Named Executives, but generally include objectives that reward attainment of targeted operating income as well as individual performance goals. In setting the fiscal 2020 bonus amounts a Named Executive is eligible to earn for achieving specified objectives, the Compensation Committee targeted bonus and total cash compensation levels at or near the 50th percentile of the Compensation Peer Group and published survey data. Bonus opportunities for achieving objectives are generally established as a percentage of an executive's base salary and the percentages increase with job scope and complexity. Executives have the opportunity to earn reduced bonus amounts if a minimum level (threshold) of performance against an objective is achieved and can also earn increased bonus amounts for performance in excess of the level of targeted performance.

The decision as to whether to offer an annual incentive cash bonus program to Named Executives for any fiscal year, the type and funding of any program offered, and the objectives that underlie any program, are subject to the discretion of the Compensation Committee and its assessment of general and industry specific conditions existing during the applicable period. In determining the amount of bonus that a Named Executive is eligible to earn under a bonus program, the Compensation Committee may also exercise negative discretion to reduce an award based on its assessment of the executive's contribution and accountability for the objectives that are the subject of the bonus, the internal equity of the executive's bonus opportunity as compared to bonus opportunities for our other executives, and any other factors the Compensation Committee considers relevant.

To provide an appropriate structure for cash bonus incentives, the Company's stockholders previously approved the 2017 Annual Incentive Plan. Cash bonus incentives for fiscal 2020 were structured under the 2017 Annual Incentive Plan.

The fiscal 2020 incentive cash bonus plan established for the Named Executives was based 70% upon achievement of the Company's annual budget operating income target. The fiscal 2020 annual incentive plan provided that no bonus was payable

unless the Company's performance on the operating income measurement was at or above the threshold for achievement. The operating income target was established from the annual budget of the Company as approved by the Board and adjusted for the effect of acquisitions during the year and in fiscal 2020 was adjusted to exclude the effect of an accelerated write-down of the Company's Enterprise Risk Management Solution project. The annual budget was developed by management with input from the Board in a thorough process that builds upon departmental forecasts and considers historical performance, industry dynamics, and macro-economic trends.

The other 30% of each of the participating Named Executive's incentive cash bonus in fiscal 2020 was determined by achievement of individual performance goals set for the officers by the Compensation Committee. These goals varied from individual to individual and included both objective and subjective measures of performance. The individual performance goals were intended to align the individual officers with the Company's business strategies and objectives in each officer's sphere of duties and control. Examples include achievement of specified customer and employee satisfaction ratings, implementation of programs and systems, process and control improvements, completion of development projects, and meeting specified financial goals. These individual goals are keys to financial and business success for Jack Henry and thus contribute to producing income and shareholder returns over the long-term. Grading of performance on the individual performance goals was in some cases "achieved" or "not achieved" and in other cases based on a sliding scale, such as from fail to below target, at target and above target, and thus some potential individual performance bonus amounts varied from zero to target and above target.

The fiscal 2020 plan provided for bonuses of 125% of base compensation for the Chief Executive Officer, 80% of base compensation for the Chief Financial Officer, 80% of base compensation for the Chief Operating Officer, and 50% of base compensation for the General Counsel and Vice Presidents, at pre-determined performance targets. The operating income component of the annual bonus for the participating Named Executives ranged from a threshold of 90% of budgeted operating income to a target at 100% and to a maximum at 110%. Bonus payouts for operating income achievement ranged from 50% of target at threshold performance to 200% of targeted bonus at maximum performance. Bonus payouts for achieving individual performance goals generally varied from 0 to 100% and, in some instances, could range to a maximum of 150% as to specific scalable goals. The overall bonus percentages and ranges were determined primarily by reference to comparative compensation data provided to the Compensation Committee by its independent advisor. The maximum bonus was intended to be payable only upon truly superior performance. The Compensation Committee intended for this bonus plan to provide a strong incentive for management to meet and exceed budgetary income and individual performance goals in fiscal 2020.

The Company performed well in fiscal 2020. The Company produced operating income of \$380.6 million, approximately 104.3% of budgeted operating income of \$364.9 million. The resulting payout was 102.8% of target for the portion of the participating Named Executives' bonus determined by operating income. The full fiscal 2020 incentive bonuses paid, including amounts paid for achievement of individual performance goals, were as follows:

Named Executive	Target Annual Incentive (as % of base)	Percentage of FY2020 Applicable to Annual Incentive	Performance on Incentive Measures		Annual Incentive Payout - FY2020	
			Operating Income Performance (70% of Bonus)	Individual Performance Goals Performance (30% of Bonus)	% of Target	Amount (\$)
David B Foss	125%	100%	102.8%	105%	103.5%	1,086,514
Kevin D. Williams	80%	100%	102.8%	101%	102.3%	409,135
Gregory R. Adelson	80%	62.5 % (1)	102.8%	106%	103.8%	220,527
	50%	37.5 % (1)	102.8%	106%	103.8%	70,832
Craig K. Morgan	50%	100%	102.8%	100%	102.0%	172,831

- (1) Mr. Adelson was named Chief Operating Officer on November 15, 2019 and received an increase in base compensation and a revised target annual incentive for the portion of fiscal 2020 he spent in that position. His cash bonus target incentive changed from 50% to 80% with this change of duties and both allocations are shown above, along with an adjustment percentage based on the portion of fiscal 2020 he spent at each target incentive.

Although bonuses have been earned in each of the last five fiscal years, the Compensation Committee notes that the plan is not structured to require the payment of bonus in every year and performance targets are not set at levels which are easy to achieve. Bonuses paid over the last five years were generally in line with target levels in four of those years, but well below the target level in one of those years. The Compensation Committee continues to believe that annual cash bonus opportunities are highly effective motivators for management employees and are instrumental in obtaining excellent performance in comparison with the Company's competitors in both strong and weak economic environments.

The Committee believes that the costs to the Company of potentially large incentive bonuses are fully justified by the potential benefits and return to our stockholders. The Compensation Committee will in future years continue to thoroughly review the effects of the bonus plan on results achieved and will make any changes to the bonus plan deemed necessary.

In addition to the cash bonus opportunities under our formal pay-for-performance cash bonus programs, the Compensation Committee may choose to reward extraordinary performance and achievements by awarding discretionary bonuses to the Named Executives and other employees from time to time that are not part of the annual incentive plan or any other plan. With respect to the Named Executives, no discretionary bonuses were awarded based on Company performance or the executives' performance during fiscal 2020.

#### *2020 Sales Commission Plan for Mr. Tomson*

As our Chief Sales and Marketing Officer, for fiscal 2020, Mr. Tomson received payments under a sales commission plan instead of the fiscal 2020 incentive cash bonus plan. Mr. Tomson's overall cash compensation package was structured with a base salary of \$165,000 and a commission opportunity based on a pre-determined sales credit calculation on contracts entered into in fiscal 2020. Because Mr. Tomson was deemed an executive officer of the Company in July 2019, after the Compensation Committee had substantially completed its formulation of the fiscal 2020 executive compensation program, Mr. Tomson's fiscal 2020 compensation was administered by Mr. Foss, as our CEO. Mr. Tomson's participation in this sales commission plan is aligned with attainment of sales results by the Company's sales team. Mr. Tomson's 2020 sales commission plan set an annual attainment target for sales credit on contracts entered into in fiscal 2020. Within the plan, the commission rate increases as attainment passes certain thresholds. The maximum commission rate is achieved if greater than 100% attainment of the target sales credit on contracts entered into in fiscal 2020 is attained. For fiscal 2020, Mr. Tomson achieved a 110% attainment of his target. In addition to annual commission amounts, Mr. Tomson's 2020 sales commission plan provides the opportunity for him to earn up to two semi-annual bonuses, each based on attainment of the pro-rata target over each of the first and second six-month periods of fiscal 2020. Mr. Tomson achieved a 100% attainment for each of his semi-annual bonuses. Sales credit is calculated based on the estimated value of contracts entered into during fiscal 2020. This estimated contract value is calculated in the month a contract is signed based on contract life expectancy and a profitability formula. The amount of earned sales commission is paid monthly based on achievement to-date of annual targets on a rolling six-month basis.

For fiscal 2020, the following table shows the target and amount earned by Mr. Tomson under his 2020 sales commission plan:

	<b>Target Commission (1) (\$)</b>	<b>Actual Attainment</b>	<b>2020 Commission Earned (\$)</b>	<b>Target Commission Bonus (2) (\$)</b>	<b>2020 Commission Bonus Earned</b>	<b>Total Earned under 2020 Commission Plan (\$)</b>
Steven W. Tomson	497,420	110%	656,644	40,000	40,000	696,644

- (1) Target commission amount assumes 100% attainment of target for sales credit on contracts entered into in fiscal 2020.
- (2) Target commission bonus is comprised of two bonus opportunities for \$20,000 each, based on attainment of six-month achievement of the pro-rata target of sales credit for the first half and second half of fiscal 2020.

## Long-Term Incentive Compensation

We believe that equity awards have been instrumental in building the Company, in retaining talent, and in encouraging management to take the long-term view with regard to strategic decisions they face. Equity awards also help focus executive and employee attention on managing the Company from the perspective of an owner with an equity stake in the business. Since the adoption of the Company's Restricted Stock Plan in 2005 and continuing under the Company's 2015 Equity Incentive Plan, the Compensation Committee has had the authority to grant restricted stock awards of various types and to determine the terms of the restrictions on granted shares. Starting in fiscal 2013, long-term incentive compensation was granted to the Named Executives in the form of performance shares. In fiscal 2020, a portion of the long-term incentive compensation of the Named Executives was allocated to a grant of time-based restricted stock units. The Compensation Committee allocated the long-term incentive award value at approximately 60% performance shares and 40% restricted stock units. The Compensation Committee determined this change was appropriate to ensure Named Executives are aligned with stockholders through stock ownership and also to encourage retention.

In determining the level of award for a Named Executive, the Compensation Committee considers relevant factors such as achievement of previously identified objectives, the executive's performance, comparative data from the Compensation Peer Group and other sources, the current equity ownership and equity awards held by the individual executive and the internal equity of the level of award granted to the executive compared to awards granted to other executives. In reviewing the award levels for our Named Executives, the Compensation Committee believes it is appropriate to consider the Company's performance against key objectives under its corporate business plan for the preceding fiscal year, including objectives related to revenue and earnings targets, and whether the Company's performance during the preceding fiscal year benefited stockholders as measured by the market price of the Company's Common Stock. In administering the equity compensation programs, the Compensation Committee monitors the level of dilution that can result from equity awards to executives and other employees and considers the dilutive effect of the Company's aggregate equity awards during any fiscal year.

### *Performance Shares*

A portion of the grants to the Named Executives for fiscal 2020 were structured as performance shares that vest only on achievement of Company performance goals and thus strongly reflect the principle of pay-for-performance. A grant of performance shares is a contractual right to receive stock and/or cash in the future when vesting conditions are met. In fiscal 2020, the Compensation Committee decided to utilize two separate measures of comparative performance to determine the vesting amount of performance shares. These two specific grants of performance shares in fiscal 2020 to the Named Executives vest at the end of three years based on total shareholder return over the three-year period in comparison to: (1) the Compensation Peer Group for the first grant, and (2) the companies in the S&P 1500 IT Index for the second grant. The two grants were roughly equal in amount. For this purpose, total shareholder return ("TSR") was defined as ending stock price minus beginning stock price (adjusted for splits and similar changes) plus dividends per share paid over the performance period, all divided by the beginning stock price. A target amount of stock was set for each Named Executive that may be earned if TSR at the end of the three-year period is at the 50th percentile in comparison to the Compensation Peer Group and the S&P 1500 IT Index, respectively. Vesting ranges from 35% of the performance shares at the 25th percentile to the maximum amount of the grant (175% of target) at or above the 75th percentile relative to the Compensation Peer Group and the S&P IT Index, respectively. No shares will vest if performance is below the 25th percentile threshold. By setting the target amount at the 50th percentile, the Committee continued to convey that long-term superior performance is expected and remains the goal of this incentive program.

The fiscal 2020 performance share grants to the Named Executives were approved in target dollar amounts with total grant date accounting values roughly set at 3.5 times base salary for Mr. Foss, 1.4 times base salary for Mr. Williams, 0.6 times the base salary for Mr. Adelson, 0.6 times the base salary for Mr. Morgan and 0.7 times the base salary for Mr. Tomson. An additional grant was made of 0.8 times base salary of Mr. Adelson in connection with his promotion to Chief Operating Officer on November 15, 2019. The fiscal 2020 grant amounts were determined with reference to comparable grants of long-term incentive compensation by other members of the Compensation Peer Group and published survey data and were roughly targeted at the 50th percentile of the Compensation Peer Group. The 2020 awards were structured to provide incentives for long-term performance and retention and to meet goals for specific accounting treatment. Retention is encouraged by grant terms which immediately forfeit all awards that have not vested or are still restricted in the event that the grantee's

employment with the Company is terminated for any reason other than in the event of death, incapacity, retirement or in connection with any change in control.

The use of performance shares allows for flexibility in addressing the orderly retirement of grantees. The performance shares contain terms which allow for the pro-rata vesting of awards upon retirement based on full months of service following the date grant. For this purpose, retirement is defined as termination with the stated purpose of retirement after 30 years of service to the Company, after the age of 57 and 15 years of service, or after the age of 62 and 5 years of service. With respect to a retirement during the term, at the end of the three-year term of the grant, the award will be calculated, and a pro-rata portion will be settled to the grantee based on completed full months of service. For example, if an eligible grantee retires 18 months after the grant date, he or she would be credited with 18 months of service and would be entitled to one-half of any amount that vests on performance measured at the end of the three-year grant. Death or incapacity of a grantee is addressed in the same manner, with pro-rata vesting based on completed months of service. Upon a change in control of the Company, the target number of performance shares vest and will be settled, regardless of the performance measures achieved.

The Compensation Committee notes that the Company produced an admirable total shareholder return of 77% over the three-year period ending June 30, 2020. As to performance shares issued to the Named Executives in fiscal 2018 that vested based on three-year TSR performance, the Company's performance in comparison with the Compensation Peer Group over those three years was at the 63rd percentile, above the 60th percentile target that was established in fiscal 2018, and thus 115.3% of the Named Executive's target shares vested. This result is in keeping with the Company's pay for superior performance principle.

#### *Restricted Stock Units*

In fiscal 2020, the long-term incentive compensation included restricted stock unit grants to the Named Executives. The grants were approved in target dollar amounts with grant date accounting values roughly set at 2.3 times base salary for Mr. Foss, 0.9 times base salary for Mr. Williams, 0.4 times the base salary for Mr. Adelson, 0.4 times the base salary for Mr. Morgan and 0.4 times the base salary of Mr. Tomson. An additional grant was made of 0.5 times base salary of Mr. Adelson on promotion to Chief Operating Officer. The 2020 awards were structured to provide incentives for long-term performance and retention and to meet goals for specific accounting treatment. The shares vest one-third on each of the subsequent anniversaries. Retention is encouraged by grant terms which immediately forfeit all awards that have not vested in the event that the grantee's employment with the Company is terminated for any reason.

On February 17, 2020, the Company granted a one-time additional restricted stock unit award to Mr. Morgan to encourage the retention of Mr. Morgan as an executive of the Company and in recognition of his increase in responsibilities and his superior performance over the previous three years in his position as General Counsel of the Company. This award consisted of 6,974 restricted stock units. Each restricted stock unit is the economic equivalent of one share of Common Stock. Amounts may be settled at the option of the Company in Common Stock of the Company or cash or any combination thereof. The restricted stock units vest in three equal annual installments beginning on the first anniversary of the grant date based on continued service with the Company.

#### *Retention Agreement*

On January 1, 2020, the Company entered into a Retention Agreement with Mr. Foss. Pursuant to the Retention Agreement, Mr. Foss agreed that during the term of his employment, and for a period of two years following the date of termination of his employment, he will not, directly or indirectly, solicit business in competition with the Company from a party who was a customer of the Company during the period of Mr. Foss's employment or solicit the employment or employ any person who is employed by the Company or was employed by the Company during the prior six months. Further, during the two-year period following the date of termination of his employment, Mr. Foss agreed not to engage in certain business activities in competition with the Company or in the delivery of software and services to financial institutions. In connection with the Retention Agreement, the Company granted Mr. Foss a one-time award of a number of restricted stock units equal to \$4,000,000 divided by the fair market value of a share of the Company's Common Stock on December 31, 2019 pursuant to the 2015 Equity Incentive Plan. These restricted stock units were awarded in consideration for the non-competition and non-solicitation covenants agreed to by Mr. Foss, to encourage retention of Mr. Foss as an executive of the Company and in

recognition of Mr. Foss' high performance over the previous four years in his position as President and Chief Executive Officer. The restricted stock units vest as follows: 10% on the first anniversary of the grant date, 20% on each of the second and third anniversaries of the grant date, and 50% on the fourth anniversary of the grant date, each based on continued service with the Company. Additional details regarding this grant and the Retention Agreement are set forth in the Form 8-K filed on January 3, 2020.

### **Deferred Compensation Plan**

Under the Company's non-qualified Deferred Compensation Plan adopted in September of 2014, our Named Executives may voluntarily defer a portion of their compensation to one or more future years. While the plan allows the Company to offer deferral of all types of compensation, including salary, bonus and equity grants, to date the Company has only offered a program to defer receipt of equity compensation upon vesting of performance shares and restricted stock units. Amounts deferred are deemed invested in investments selected by the participant from a limited number of choices. The Deferred Compensation Plan is intended to promote retention by providing a long-term savings opportunity on a tax-efficient basis. Performance shares that are deferred under the Company's Deferred Compensation Plan may be settled in stock or, at the option of the Compensation Committee, in cash. No Named Executives participated in the Deferred Compensation Plan with respect to performance share awards or restricted stock unit awards granted in fiscal 2020.

### **Termination Benefits Agreements**

Each of the Named Executives has entered into a Termination Benefits Agreement with the Company that is discussed in this Proxy Statement under the caption "Agreements with Executive Officers and Potential Payments upon Termination or Change in Control" on page 45. These agreements reflect the concern of the Board that any future threatened or actual change in control such as an acquisition or merger could cause disruption and harm to the Company in the event of the resulting loss of any of its key executives. The Termination Benefits Agreements are intended to provide a measure of incentive and security to the executives through the resolution of the threat or through a change in control.

The Compensation Committee believes that such agreements should not include provisions that would obligate an acquirer of the Company to make large cash payouts to our Named Executives simply because a change of control has occurred. Because of this concern, the occurrence of a change of control event alone will not trigger any cash payment obligations to our Named Executives under their respective Termination Benefits Agreements. Payment obligations only arise in the event the Named Executive's employment is terminated or is deemed to be terminated without "Cause" (as defined in the agreements) within the period commencing 90 days prior to and for two years following a change in control for the Named Executives. The Company does not provide, nor has it ever provided, excise tax gross-up payments to any employee in the event of a change in control and termination.

Payment obligations under the Termination Benefits Agreements with the Named Executives are two times the current annual base salary plus target bonus, payable 50% in twelve equal monthly installments and 50% in a lump sum at the end of the monthly installments. Health and other benefits are also continued for 18 months for the Named Executives, and all stock options, performance shares and restricted stock unit awards become fully vested. The benefits provided were determined primarily by reference to comparative data provided to the Compensation Committee by its independent advisor and, at least in relation to base salary, are consistent with the prior agreements which they replaced. The benefits are believed by the Compensation Committee to be sufficient to provide the desired incentive and security to retain crucial personnel in a time of disruption.

The Termination Benefits Agreements have no set term and will continue until terminated by agreement of both the parties. The agreements specify that they do not confer on the executives any right to continued employment and shall not interfere with the right of the Company to terminate the executives at any time.

### **Broad-Based Benefits Programs**

The Company offers certain broad-based benefits programs including benefits such as health, dental, disability and life insurance, health care savings accounts, employee stock purchase plan, paid vacation time and Company matching

contributions to a 401(k) Retirement Savings Plan. Benefits are provided to all employees in accordance with practices within the marketplace and are a necessary element of compensation in attracting and retaining employees. We do not offer pensions or supplemental executive retirements plans for our Named Executives. There are no additional benefits programs for our Named Executives.

### **Stock Ownership Guidelines**

The Board has established stock ownership guidelines for the Named Executives, other members of management and the non-employee directors of the Company. These guidelines provide for each covered individual to hold a number of shares of the Company's Common Stock with an aggregate market value that equates to a specified multiple of the employee's base salary or, in the case of directors, of their annual base retainer. The guidelines are six times base salary for the Chief Executive Officer, three times base salary for the Chief Financial Officer and Chief Operating Officer, one times base salary for the Vice Presidents and General Managers, and five times the annual base retainer for directors. The value of each person's share holdings for purposes of the guidelines includes all unrestricted and restricted shares held, all Company shares held in the person's retirement accounts, all shares held in trust for the person's immediate family members, all vested and unvested restricted stock units and the in-the-money value of all Company stock options held. Unvested performance shares are not counted for purposes of measuring compliance with the stock ownership guidelines. The Compensation Committee recognizes that executive officers or employees who were recently promoted to executive officer positions and newly elected directors may require some period of time to achieve the guideline amounts. The guidelines, therefore, contemplate a five-year transition period for acquiring a number of shares with the specified market value. The guidelines also require that until the applicable ownership level is achieved, the individual should retain and hold 75% of all shares received from vesting of shares or exercise of options, net of shares sold to pay taxes. The Compensation Committee will continue to monitor the compliance of each executive and director with the guidelines. As measured on June 30, 2020, all covered individuals on such date were following these guidelines.

### **Executive Compensation Recoupment Policy**

The Board has adopted a formal policy for the recoupment of incentive compensation paid to executive officers after the policy's effective date in the event the Company is required to restate its financial statements due to material non-compliance with financial reporting requirements. The recoupment policy is administered by the Compensation Committee.

### **Tax Deductibility and Executive Compensation**

Under Internal Revenue Code Section 162(m), publicly held companies may not deduct compensation paid to named executive officers to the extent that an executive's compensation exceeds \$1,000,000 in any one year, unless such compensation is "performance based." This historic exception to the \$1,000,000 limitation for performance-based compensation meeting certain requirements was eliminated in recent changes to the tax code, subject to certain grandfathering for arrangements in place prior to November 2, 2017. Although deductibility of compensation is preferred, tax deductibility is not a primary objective of our compensation programs. We believe it is important to retain flexibility to compensate executives competitively even if such compensation is potentially not deductible for tax purposes. The Board and the Compensation Committee may determine, after balancing tax efficiency with long-term strategic objectives, that it is in the best interests of our stockholders to approve compensation that is not deductible under Section 162(m).

## **COMPENSATION AND RISK**

Under its charter, the Compensation Committee is charged with review of risks related to the Company's compensation policies and practices. In 2020, the Compensation Committee directed the Company's Human Resources Department to conduct a compensation risk assessment and to report to the Committee. The assessment reviewed design features, characteristics and performance metrics used in compensating all employees of the Company, including salaries, sales incentives, incentive bonus plans and long-term equity incentive compensation awards. The Compensation Committee reviewed and discussed the report and concluded that the Company's compensation programs, policies and practices do not



create risks that are reasonably likely to have a material adverse effect on the Company. This conclusion was based on a number of factors, including:

- The compensation levels and practices are judged to be uncomplicated and fair.
- Compensation of our employees is generally competitive with relevant labor markets.
- Benefits are offered to all eligible employees on non-discriminatory bases and no material perquisites are offered solely to executives or management.
- Incentive bonuses are determined largely on total Company financial performance and are capped at reasonable levels.
- Long-term equity incentive awards to executives generally vest upon achievement of objective performance standards over a number of years, and thus do not encourage short-term focus.
- Compensation of executive and senior managers is a combination of salary, benefits, annual cash incentive bonuses and long-term equity incentive awards, resulting in appropriate balancing of short and long-term interests and goals.
- Executives and senior managers are subject to stock ownership guidelines which align their interests with those of the stockholders.
- The Company has adopted a recoupment policy providing for the clawback of executive compensation in the event of financial restatements.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth certain information with regard to the compensation paid to (1) Mr. Foss (our Chief Executive Officer), (2) Mr. Williams (our Chief Financial Officer), (3) Messrs. Adelson, Morgan and Tomson (the Company's three other most highly compensated executive officers that were serving as executive officers as of the end of fiscal 2020) (collectively, our "Named Executives") during the fiscal years ended June 30, 2020, 2019, and 2018.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1) (2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$) (3)	All Other Compensation (\$) (4)	Total (\$)
David B. Foss President and Chief Executive Officer	2020	830,000	-	9,084,320	-	1,086,514	14,417	11,015,251
	2019	775,000	-	3,200,074	-	868,072	8,333	4,851,479
	2018	675,000	-	2,500,037	-	738,789	5,000	3,918,826
Kevin D. Williams Treasurer and Chief Financial Officer	2020	496,271	-	1,276,096	-	409,135	14,376	2,195,878
	2019	479,996	-	1,099,943	-	313,529	12,124	1,905,592
	2018	461,250	-	999,979	-	398,054	5,000	1,864,283
Gregory R. Adelson (5) Chief Operating Officer	2020	397,964	-	939,033	-	291,359	15,941	1,644,297
	2019	344,008	-	300,688	-	147,288	8,684	800,668
Craig K. Morgan (5) General Counsel and Secretary	2020	334,238	-	1,521,749	-	172,831	14,472	2,043,290
	2019	313,806	-	288,066	-	137,324	8,002	2,043,290
	2018	277,500	-	247,522	-	93,758	5,000	2,043,290
Steven W. Tomson (5) Senior Vice President and Chief Sales and Marketing Officer	2020	165,000	-	205,952	-	696,644	15,055	1,082,651

- (1) Reflects grants of performance shares and restricted stock units on September 20, 2017, September 20, 2018, October 4, 2019 and November 15, 2019 under the Company's Equity Incentive Plan to the Named Executives. Information about the assumptions used to determine the fair value of equity awards is set forth in our Annual Report on Form 10-K in Note 10 to our consolidated financial statements for the year ended June 30, 2020.
- (2) The 2020 amount for Mr. Foss reflects a one-time grant of restricted stock unit awards on January 1, 2020 under the Company's Equity Incentive Plan in connection with the Retention Agreement. Additional details regarding Mr. Foss' grant are set forth in the Form 8-K filed January 3, 2020 and on page 35. The 2020 amount for Mr. Morgan reflects a one-time grant of restricted stock unit awards on February 17, 2020 under the Company's Equity Incentive Plan. See page 35 for further information on Mr. Morgan's additional grant of restricted stock units. Information about the assumptions used to determine the fair value of equity awards is set forth in our Annual Report on Form 10-K in Note 10 to our consolidated financial statements for the year ended June 30, 2020.
- (3) Reflects amounts paid to the Named Executives, other than Mr. Tomson, following the end of the fiscal year based upon achievement of performance goals under the Company's Annual Incentive Plans. These amounts were earned and accrued in the fiscal year listed and paid in the following fiscal year. The 2020 amount for Mr. Tomson reflects commissions earned under Mr. Tomson's 2020 sales commission plan during fiscal year 2020.
- (4) Reflects matching contributions to the individual's accounts pursuant to the Company's 401(k) retirement plan.
- (5) Mr. Tomson was not a Named Executive during fiscal 2018 or fiscal 2019. Mr. Adelson was not a Named Executive during fiscal 2018. Mr. Morgan was not a Named Executive during fiscal 2019.

### Pay Ratio Disclosure

Our compensation and benefits philosophy and the overall structure of our compensation and benefit programs are broadly similar across the organization to encourage and reward all employees who contribute to our success. We strive to ensure the pay of every Jack Henry employee reflects the level of their job impact and responsibilities and is competitive within our peer

group. Compensation rates are benchmarked and set to be market-competitive in the location in which the jobs are performed. Our ongoing commitment to pay equity is critical to our success in supporting a diverse workforce with opportunities for all employees to grow, develop, and contribute. We employ approximately 6,800 people in the U.S. at 41 Company locations with approximately 31% of our Associates permanently working from remote locations.

Under rules adopted pursuant to the Dodd-Frank Act of 2010, JHA is required to calculate and disclose the total compensation paid to its median paid employee, as well as the ratio of the total compensation paid to the median employee as compared to the total compensation paid to David Foss, our Chief Executive Officer, during the fiscal year ended June 30, 2020.

To determine the median employee, we identified our employee population as of June 30, 2020. This population consisted of 6,823 employees. We are required to identify the median employee using a “consistently applied compensation measure” (“CACM”). We chose a CACM of calculating the actual base salary earnings (or base wages for hourly employees, which is exclusive of overtime wages) and annual bonus during the fiscal year across the employee population, excluding our Chief Executive Officer. We believe actual base salary earnings (or base wages for hourly employees, which is exclusive of overtime wages) and annual bonus is a reasonable basis on which to identify the median employee because those employees who receive commissions, equity awards, or overtime pay represent a relatively small portion of our employee population.

After identifying our median employee based on the actual base salary earnings and annual bonus, we then calculated the annual total compensation for this employee using the same methodology we use for our Named Executives as set forth in the fiscal 2020 Summary Compensation Table included in this Proxy Statement. Based on this calculation, this median employee’s annual total compensation for fiscal 2020 was \$74,508. The annual total compensation of the Chief Executive Officer for fiscal 2020 (as set forth in the Summary Compensation Table on page 39) was \$11,015,251 resulting in a pay ratio of 148 to one. Excluding the restricted stock unit awards granted in connection with Mr. Foss’ entrance into the Retention Agreement in fiscal 2020, his annual total compensation for fiscal 2020 was \$7,159,977 resulting in a pay ratio of 96 to one.

### Grants of Plan-Based Awards Table

The following table presents information on awards granted to the Named Executives during the fiscal year ended June 30, 2020 under our 2017 Annual Incentive Plan with respect to performance targets set for fiscal 2020 and our 2015 Equity Incentive Plan with respect to grants of performance shares made during fiscal year 2020 and, with respect to Mr. Tomson, information on his 2020 sales commission plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) (3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
David B. Foss	10/4/2019	525,000	1,050,000	2,100,000	-	-	-	-	-	-	-
	10/4/2019	-	-	-	3,270	9,343	16,350	-	-	-	1,715,095
	10/4/2019	-	-	-	3072	8,778	15,362	-	-	-	1,605,935
	10/4/2019	-	-	-	-	-	-	13,517	-	-	1,908,016
	1/1/2020	-	-	-	-	-	-	27,460	-	-	3,855,274
Kevin D. Williams	10/4/2019	200,012	400,024	800,048	-	-	-	-	-	-	-
	10/4/2019	-	-	-	798	2,280	3,990	-	-	-	418,540
	10/4/2019	-	-	-	750	2,142	3,749	-	-	-	391,879
	10/4/2019	-	-	-	-	-	-	3,299	-	-	465,678

Gregory R. Adelson	10/4/2019	34,127	68,254	136,508	-	-	-	-	-	-	-
	10/4/2019	-	-	-	233	665	1,163	-	-	-	122,074
	10/4/2019	-	-	-	219	625	1,093	-	-	-	114,344
	10/4/2019	-	-	-	-	-	-	962	-	-	135,794
	11/15/2019	106,250	212,500	425,000	-	-	-	-	-	-	-
	11/15/2019	-	-	-	339	968	1,694	-	-	-	171,646
	11/15/2019	-	-	-	344	982	1,719	-	-	-	171,516
	11/15/2019	-	-	-	-	-	-	1,545	-	-	223,659
Craig K. Morgan	10/4/2019	84,740	169,480	338,959	-	-	-	-	-	-	-
	10/4/2019	-	-	-	216	618	1,082	-	-	-	113,446
	10/4/2019	-	-	-	203	581	1,016	-	-	-	106,294
	10/4/2019	-	-	-	-	-	-	894	-	-	126,194
	2/17/2020	-	-	-	-	-	-	6,974	-	-	1,175,814
Steven W. Tomson	10/4/2019	-	-	-	129	368	644	-	-	-	67,554
	10/4/2019	-	-	-	121	346	605	-	-	-	63,301
	10/4/2019	-	-	-	-	-	-	532	-	-	75,097
	-	(4)	537,420	(4)	-	-	-	-	-	-	-

- (1) Represents the range of possible payouts for fiscal 2020 to our Named Executives under the Annual Incentive Plan and the targeted payout to Mr. Tomson under his 2020 sales commission plan, including bonus attainment.
- (2) Performance shares granted on October 4, 2019 and November 15, 2019 under the Company's 2015 Equity Incentive Plan.
- (3) The amounts in the table represent the grant date fair value of the awards. Information about the assumptions used to determine the grant date fair value of the equity awards is set forth in our Annual Report on Form 10-K in Note 10 to our consolidated financial statements for the year ended June 30, 2020.
- (4) Mr. Tomson's 2020 sales commission plan does not include a threshold nor a maximum to be paid under the plan. The commission amount is based on a commission rate, which increases with achievement of threshold attainment levels, and the attainment of sales credit on contracts entered into in fiscal 2020.

#### Additional Information Regarding Summary Compensation and Grants of Plan-Based Awards

The annual base salaries of the Named Executives were evaluated in fiscal 2020 in relation to competitive data, changes in job duties and individual and corporate performance. The annual base salary of Mr. Foss was increased 5.0% to \$840,000, Mr. Williams was increased 3.1% to \$500,000, Mr. Adelson was increased 4.9% to \$364,000, Mr. Morgan was increased 5.9% to \$339,000, and Mr. Tomson's salary remained constant at \$165,000. Mr. Adelson's annual base salary was further increased 16.8% to \$425,000 in connection with his promotion to Chief Operating Officer on November 15, 2019.

For the year ended June 30, 2020, the Named Executives, other than Mr. Tomson who had a separate sales commission plan, had the opportunity to earn cash incentive bonuses under the Company's annual incentive cash bonus plan. As set forth in greater detail in "Compensation Discussion and Analysis—Annual Incentive Cash Bonuses and Sales Commission" above, the performance goals for the Named Executives were based on achieving operating income targets established in the Company's annual budget and the achievement of individual performance goals ("IPGs"). The incentive plan set performance targets, thresholds for minimum performance, maximums for superior performance and required that for any bonus to be paid, the minimum threshold of operating income had to be achieved. For the year ended June 30, 2020, actual operating income was 104.3% of budgeted operating income, and with calculated IPG performances, the resulting payouts to the Named Executives were 103.5% of target for Mr. Foss, 102.3% for Mr. Williams, 103.8% for Mr. Adelson, and 102.0% for Mr. Morgan.

For the year ended June 30, 2020, Mr. Tomson had the opportunity to earn cash commissions under a sales commission plan instead of the Company's annual incentive cash bonus plan. As set forth in greater detail in "Compensation Discussion and Analysis—Annual Incentive Cash Bonuses and Sales Commission" above, the performance goals for Mr. Tomson were based

on attainment of fiscal year sales credits on contracts entered into in fiscal 2020. For the year ended June 30, 2020, sales credit was 110% of target for Mr. Tomson.

On October 4, 2019, the Company entered into performance share agreements with each of the Named Executives, with the threshold, target and maximum share amounts listed in the above table. The performance share agreements entered into with each of the above Named Executives in fiscal year 2020 are identical except for the number of shares. Each grant is comprised of two separate grants that are roughly equal in amount, each of which settle three years following the grant date based upon the performance of the Company in comparison to either the Compensation Peer Group or the S&P 1500 IT Index, respectively, in producing total shareholder return over the three-year period. Amounts may be settled in Common Stock of the Company or cash or any combination thereof. Comparative performance in total shareholder return for either the Compensation Peer Group or the S&P 1500 IT Index at less than the 25th percentile will result in no settlement for that grant. The target award for each grant is earned with total shareholder return at the 50th percentile in comparison to either the Compensation Peer Group or the S&P 1500 IT Index, respectively, and the maximum amount is earned with performance at the 75th percentile or higher. On November 15, 2019, the Company entered into an additional performance share agreement with Mr. Adelson in connection with his promotion to Chief Operating Officer.

On October 4, 2019, the Company granted time-based restricted stock unit awards to each of the Named Executives. The grants were identical for each of the Named Executives except for the number of restricted stock units. Each restricted stock unit is the economic equivalent of one share of Common Stock. Amounts may be settled in Common Stock of the Company or cash or any combination thereof. The restricted stock units vest in three equal annual installments beginning on the first anniversary of the grant date based on continued service with the Company.

On November 15, 2019, the Company granted a time-based restricted stock unit award to Mr. Adelson in connection with his promotion to Chief Operating Officer. Each restricted stock unit is the economic equivalent of one share of Common Stock. Amounts may be settled in Common Stock of the Company or cash or any combination thereof. The restricted stock units vest in three equal annual installments beginning on the first anniversary of the grant date based on continued service with the Company.

On January 1, 2020, the Company granted a time-based restricted stock unit award to Mr. Foss in connection with his entering into the Retention Agreement with the Company. Each restricted stock unit is the economic equivalent of one share of Common Stock. Amounts may be settled in Common Stock of the Company or cash or any combination thereof. The restricted stock units vest as follows: 10% on the first anniversary of the grant date, 20% on each of the second and third anniversaries of the grant date, and 50% on the fourth anniversary of the grant date, each based on continued service with the Company. Additional details regarding this grant are set forth in the Form 8-K filed on January 3, 2020.

On February 17, 2020, the Company granted a time-based restricted stock unit award to Mr. Morgan to encourage the retention of Mr. Morgan as an executive of the Company and in recognition of his increase in responsibilities and his superior performance over the previous three years in his position as General Counsel of the Company. Each restricted stock unit is the economic equivalent of one share of Common Stock. Amounts may be settled in Common Stock of the Company or cash or any combination thereof. The restricted stock units vest in three equal annual installments beginning on the first anniversary of the grant date based on continued service with the Company.

#### **Outstanding Equity Awards at Fiscal Year End Table**

The following table provides information regarding outstanding stock options, shares of restricted stock, restricted stock units and performance shares held by the Named Executives as of June 30, 2020.

Name	Grant Date	Option Awards			Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
David B. Foss	7/1/2016	21,685 (4)	-	-	-	-	-	-
	9/20/2017	-	-	-	-	-	27,806	5,117,138
	9/20/2018	-	-	-	-	-	15,719	2,892,768
	10/4/2019	-	-	-	-	-	9,343	1,719,392
	10/4/2019	-	-	-	-	-	8,778	1,615,415
	10/4/2019	-	-	-	13,517	2,487,534	-	-
	1/1/2020	-	-	-	27,460	5,053,464	-	-
Kevin D. Williams	9/20/2017	-	-	-	-	-	11,122	2,046,782
	9/20/2018	-	-	-	-	-	5,403	994,314
	10/4/2019	-	-	-	-	-	2,280	419,588
	10/4/2019	-	-	-	-	-	2,142	394,192
	10/4/2019	-	-	-	3,299	607,115	-	-
Gregory R. Adelson	9/20/2017	-	-	-	-	-	3,606	663,612
	9/20/2018	-	-	-	-	-	1,477	271,812
	10/4/2019	-	-	-	-	-	665	122,380
	10/4/2019	-	-	-	-	-	625	115,019
	10/4/2019	-	-	-	962	177,037	-	-
	11/15/2019	-	-	-	-	-	968	178,141
	11/15/2019	-	-	-	-	-	982	180,718
	11/15/2019	-	-	-	1,545	284,326	-	-
Craig K. Morgan	9/20/2017	-	-	-	-	-	2,753	506,635
	9/20/2018	-	-	-	-	-	1,415	260,402
	10/4/2019	-	-	-	-	-	618	113,731
	10/4/2019	-	-	-	-	-	581	106,921
	10/4/2019	-	-	-	894	164,523	-	-
	2/17/2020	-	-	-	6,974	1,283,425	-	-
Steven W. Tomson	9/20/2017	-	-	-	-	-	2,019	371,557
	9/20/2018	-	-	-	-	-	892	164,155
	10/4/2019	-	-	-	-	-	368	67,723
	10/4/2019	-	-	-	-	-	346	63,674
	10/4/2019	-	-	-	532	97,904	-	-

- (1) Represents time-based restricted stock units granted to each Named Executive on October 4, 2019, granted to Mr. Adelson on November 15, 2019, granted to Mr. Foss on January 1, 2020 and granted to Mr. Morgan on February 17, 2020. Restricted stock units typically vest in three equal annual installments, beginning on the first anniversary of the respective grant date based on continued service with the Company. The restricted stock units granted to Mr. Foss on January 1, 2020 vest as follows: 10% on the first anniversary of the grant date, 20% on each of the second and third anniversaries of the grant date, and 50% on the fourth anniversary of the grant date, each based on continued service with the Company.
- (2) Amounts calculated by multiplying the closing market price of our common stock on June 30, 2020 (\$184.03 per share) by the number of shares issuable under the restricted stock unit and performance share agreements.
- (3) Represents performance shares, which vest three years from the date of grant based on achievement of total shareholder returns in comparison with other members of the Compensation Peer Group or S&P 1500 IT Index, as applicable. No performance shares vest if total shareholder return over the three-year period is below the 25th percentile and 175% vests with performance at or above the 75th percentile. Share amounts disclosed reflect the target number of shares that could vest upon performance at target.
- (4) The option exercise price is \$87.27, vested and became exercisable on July 1, 2019. The option expiration date is July 1, 2026.

## Option Exercises and Stock Vested Table

The following table provides information on stock option exercises by the Named Executives and stock awards (restricted stock units and performance shares) that vested during fiscal year 2020.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (\$)	Value Realized on Vesting (\$)
David B. Foss (1) (2) (3)	10,000	808,500	15,034	2,139,808
Kevin D. Williams (1)	-	-	4,652	686,217
Gregory R. Adelson (4) (5)	-	-	2,685	417,400
Craig K. Morgan (6)	-	-	200	28,312
Steven W. Tomson	-	-	938	138,364

- (1) Value of the shares acquired on September 10, 2019, at the closing market price of such shares on September 9, 2019.
- (2) Value of the shares acquired on July 1, 2019, at the closing market price of such shares on June 28, 2019.
- (3) Value of the shares acquired on February 11, 2020, at the closing market price of such shares on February 11, 2020, minus the exercise price.
- (4) Value of the shares acquired on February 9, 2020, at the closing market price of such shares on February 7, 2020.
- (5) Includes 1,485 shares vested (but not issued) and deferred on September 10, 2019, at the closing market price of such shares on September 9, 2019, to be issued in a single lump sum upon Mr. Adelson's termination.
- (6) Value of the shares acquired on November 1, 2019, at the closing market price of such shares on October 31, 2019.

## Nonqualified Deferred Compensation

The following table sets forth the contributions made by our Named Executives and the earnings accrued on all such contributions under the Company's non-qualified Deferred Compensation Plan during the fiscal 2020.

Name	Executive Contributions in Last Fiscal Year (\$) (1)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings (Losses) in Last Fiscal Year (\$) (2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$) (3)
David B. Foss	—	—	—	—	—
Kevin D. Williams	—	—	—	—	—
Gregory R. Adelson	219,052	—	56,113	—	275,165
Craig K. Morgan	—	—	—	—	—
Steven W. Tomson	—	—	—	—	—

- (1) The executive contributions reported in this column relate to an award of performance shares that was granted to Mr. Adelson in fiscal 2017, before he was a Named Executive, and therefore were not previously reported in the Summary Compensation Table. The Compensation Committee certified the number of shares issuable under the award on August 22, 2019. Mr. Adelson elected to defer all of these shares. The value of the executive contributions is based on the closing market price of such shares on September 9, 2019, the closing price on the day before the date the shares would have been issued if not deferred.
- (2) These amounts were not included in the Summary Compensation Table because plan earnings were not preferential or above market.
- (3) The executive contributions included in this column relate to an award of performance shares that was granted to Mr. Adelson before he was a Named Executive and therefore were not previously reported in the Summary Compensation Table.

Under the Company's non-qualified Deferred Compensation Plan adopted in September of 2014, our Named Executives may voluntarily defer a portion of their compensation to one or more future years. While the plan allows the Company to offer

deferral of all types of compensation, including salary, bonus and equity grants, to date the Company has only offered a program to defer receipt of equity compensation upon vesting of performance shares and restricted stock units. Dividends payable on the deferred shares are invested in the Jack Henry federal rate fund. Aggregate earnings (losses) represents stock price appreciation (or depreciation) on deferred shares, dividends and interest paid on prior dividends. Performance shares and restricted stock units that are deferred under the Company's Deferred Compensation Plan may be settled in stock or, at the option of the Compensation Committee, in cash.

### **Agreements with Executive Officers and Potential Payments upon Termination or Change in Control**

The Named Executives would each receive certain payments and benefits in the event of certain types of termination of employment. In addition to the items discussed below, the Named Executives may be entitled to benefits that are generally available to all salaried Company employees, including distributions under the 401(k) plan, certain disability benefits and accrued vacation. Because these payments or benefits do not discriminate in scope, terms or operation in favor of the Named Executive, such payments and benefits are not included below. The following descriptions are qualified in their entirety by reference to the relevant agreements.

The Company has no employment contracts with any of its executive officers.

#### *Change in Control Termination*

The Company has entered into Termination Benefits Agreements with each of Messrs. Foss, Williams, Adelson, Morgan and Tomson. Under these agreements, change in control is defined as an acquisition of 20% or more of the stock of the Company, termination of service of a majority of the members of the Board during any two year period for reasons other than death, disability or retirement, approval by the stockholders of liquidation of the Company or sale of 50% or more of its assets, or approval by the stockholders of a merger or consolidation if the Company stockholders own less than 50% of the combined voting power of the resulting corporation. The Termination Benefits Agreements provide a cash payment severance benefit equal to 200% of the executive's annual salary plus target bonus then in effect, with half payable in 12 monthly installments and half in a lump sum at the end of such 12 months. In addition, all outstanding stock options, restricted stock units and performance shares will fully vest, all restrictions on restricted stock will lapse and the terminated executive will receive a welfare benefit consisting of payments equal to COBRA health insurance premiums and continuation of coverage under the Company's life insurance, disability, and dental plans for 18 months or until the executive becomes eligible for comparable benefits under a subsequent employer's arrangements. The termination benefits will be paid upon any termination of the executive during the 90 days prior to and the two years following any change in control unless the termination occurs by reason of the executive's death, disability, or if the termination is for cause. The termination benefits will also be paid if the executive terminates his employment after a change in control for good reason, such as a material diminution in authority, duties or responsibilities, a forced move, or a material diminution in annual salary. The Termination Benefits Agreements have no set term and will continue until terminated by agreement of both the parties.

The table below reflects the cash severance benefit payments and estimated welfare benefit payments that would be paid under the Termination Benefits Agreements as if the triggering events occurred on June 30, 2020, the last day of the last completed fiscal year. The table also shows the value as of June 30, 2020 of all issued restricted stock units and performance shares with respect to which restrictions would lapse upon a change in control and termination. The table includes the intrinsic value of 21,685 stock options issued and outstanding to Mr. Foss, which vested on July 1, 2019, that would become exercisable upon a change in control and termination (calculated as the difference between the closing market price of our common stock on June 30, 2020 (the last trading day of 2020) and the exercise price for such options.

<b>Name</b>	<b>Cash Payment Severance Benefit (\$)</b>	<b>Welfare Benefit (\$)</b>	<b>Equity Incentive Vesting (\$)</b>	<b>Total (\$)</b>
David B. Foss	3,780,000	35,538	20,983,951	24,799,489
Kevin D. Williams	1,800,000	49,329	4,461,991	6,311,320
Gregory R. Adelson	1,530,000	44,687	1,992,861	3,567,548
Craig K. Morgan	1,017,000	28,000	2,435,637	3,480,637
Steven W. Tomson	330,000	32,672	765,013	1,127,685



*Death, Disability, Retirement, Termination without Cause and Resignation for Good Reason*

The Company has entered into a Retention Agreement with Mr. Foss. In connection with this Retention Agreement, the Company granted Mr. Foss a time-based restricted stock unit award. These restricted stock units vest as follows: 10% on the first anniversary of the grant date, 20% on each of the second and third anniversaries of the grant date, and 50% on the fourth anniversary of the grant date, each based on continued service with the Company. Under this agreement, any of these unvested restricted stock units will fully vest in the event of Mr. Foss' death or disability or if Mr. Foss' employment with the Company ends due to termination by the Company without cause or due to Mr. Foss' resignation with good reason. If Mr. Foss' employment with the Company ends due to termination by the Company with cause or due to his resignation without good reason, no unvested restricted stock units will vest and all such remaining unvested restricted stock units will be forfeited.

The following table summarizes the benefits due the Mr. Foss upon his death, disability, termination without cause or resignation with good reason under the restricted stock unit awards granted under the Retention Agreement (in each case assuming his death, disability, termination without cause or resignation with good reason occurred on June 30, 2020).

<b>Name</b>	<b>Restricted Stock Unit Vesting (1) (\$)</b>
David B. Foss	5,053,464

- (1) These calculations represent the value of unvested restricted stock unit awards at June 30, 2020 based on the closing share price at that date that would become vested upon Mr. Foss' death, disability, termination without cause or resignation with good reason.

Performance shares contain terms which allow for the pro-rata vesting of awards upon a Named Executive's death, disability or retirement based on full months of service following the grant date. For this purpose, retirement is defined as termination with the stated purpose of retirement after 30 years of service to the Company, after the age of 57 and 15 years of service, or after the age of 62 and 5 years of service. With respect to a Named Executive's death, disability or retirement during the term, at the end of the three-year term of the grant, the award will be calculated, and a pro-rata portion will be settled to the grantee based on completed full months of service. For example, if an eligible grantee dies, becomes disabled or retires 18 months after the grant date, he or she would be credited with 18 months of service and would be entitled to one-half of any amount that vests on performance measured at the end of the three-year grant.

The following table summarizes the severance benefits due the Named Executives upon their death, disability or retirement under their performance share award agreements (in each case assuming their death, disability or retirement occurred on June 30, 2020). As of June 30, 2020, only Mr. Foss, Mr. Williams and Mr. Tomson were eligible for retirement.

<b>Name</b>	<b>Performance Share Vesting (1) (\$)</b>
David B. Foss	8,986,430
Kevin D. Williams	3,183,290
Gregory R. Adelson	982,904
Craig K. Morgan	808,628
Steven W. Tomson	557,427

- (1) These calculations represent the value of unvested performance share awards at June 30, 2020 based on the closing share price at that date that would become vested upon their death, disability, or retirement (if eligible) and assumes the TSR was at target.

Under Mr. Foss' stock option agreement, upon death or disability, Mr. Foss would have up to one year to exercise any vested options, but in no event beyond the expiration date. Upon resignation or termination not for cause, Mr. Foss would have up to 90 days to exercise any vested options, but in no event beyond the expiration date.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of June 30, 2020 with respect to the Company's equity compensation plans under which our Common Stock is authorized for issuance:

Equity Compensation Plans approved by security holders:	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in the first column of this table)
2005 Restricted Stock Plan	17,589 (2)	—	—
2015 Equity Incentive Plan	429,660 (3)	\$87.27	2,455,716 (4)
2006 Employee Stock Purchase Plan	— (5)	—	1,230,147

- (1) The weighted average exercise price does not take into account deferred shares that have been allocated to participants' bookkeeping accounts under the 2005 Restricted Stock Plan or the 2015 Equity Incentive Plan or the shares issuable upon vesting of outstanding awards of restricted stock units or performance shares, which have no exercise price.
- (2) This number includes the following: 2,798 shares related to time-vested restricted stock unit awards that are deferred and have been allocated to participants' booking accounts under the 2005 Restricted Stock Plan. Also included are 14,791 shares related to performance-vested unit awards that are deferred and have been allocated to participants' booking accounts under the 2005 Restricted Stock Plan. All awards were granted under the 2005 Restricted Stock Plan.
- (3) This number includes the following: 21,685 outstanding stock options, 138,310 outstanding time-vested restricted stock unit awards that include 7,485 vested and deferred shares that have been allocated to participants' booking accounts under the 2015 Equity Incentive Plan, and 269,665 outstanding performance-vested unit awards that include 2,944 vested and deferred shares that have been allocated to participants' booking accounts under the 2015 Equity Incentive Plan. The share number for outstanding time-vested restricted stock units and outstanding performance-vested unit awards represents the maximum number of shares that may be awarded if the Company meets its best-case performance targets. All awards were granted under the 2015 Equity Incentive Plan.
- (4) The number of securities remaining available for future issuance under the 2015 Equity Incentive Plan as of June 30, 2019 and June 30, 2018, as reported in the Company's fiscal year 2019 proxy statement and fiscal year 2018 proxy statement, respectively, were inadvertently reported as lower than the actual amounts. This calculation has been corrected for this filing.
- (5) The maximum number of shares subject to purchase rights under the 2006 Employee Stock Purchase Plan ("ESPP") is a function of stock price and total employee contributions. As such, we cannot reasonably determine the number of shares subject to purchase rights as of June 30, 2020, and so this number does not include shares issuable pursuant to rights outstanding under the ESPP.

## **PROPOSAL 2**

### **ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required by Section 14A of the Securities Exchange Act, we include in this proxy statement this proposal for a non-binding stockholder vote on compensation of the officers named in the Summary Compensation Table on page 39. We currently conduct annual advisory votes on executive compensation, and we expect to conduct the next advisory vote at our 2020 Annual Meeting of Stockholders. With this year's "say on pay" proposal you can elect to endorse or not endorse our executive compensation programs and policies and the compensation we paid our Named Executives in fiscal 2020.

The say on pay vote is advisory and not binding on the Company, the Compensation Committee or the Board. However, the Compensation Committee and the Board value the opinions of our stockholders and will consider the outcome of the vote when making future decisions regarding executive compensation.

As described in the Compensation Discussion and Analysis, the Compensation Committee has designed the executive compensation program to focus the executives on achieving consistent earnings growth, encourage continuation of the Company's entrepreneurial spirit, attract and retain highly qualified and motivated executives, reward the creation of stockholder value, encourage esprit de corps and reward outstanding performance. In designing the overall executive compensation program, the Company's Compensation Committee strives for the interests of management and stockholders to be the same—the maximization of stockholder value.

Our executive compensation package for Named Executives includes both cash and equity-based compensation, with an emphasis on performance-based pay. The Compensation Committee each year reviews and updates our executive compensation program to ensure it achieves the desired goals.

The Board believes that the compensation of the Named Executives is appropriate and effective in achieving the Company's objectives. Accordingly, the Board recommends that you vote to approve, on an advisory basis, the following resolution:

“RESOLVED, that the compensation paid to the Named Executives, as disclosed in the Company's Proxy Statement for the 2020 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative disclosure, is hereby approved.”

Approval of the advisory vote on executive compensation requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote. For purposes of determining the vote regarding this proposal, abstentions will have the same impact as a no vote. Unless you specify otherwise in your proxy, the persons you have appointed will vote your shares "For" approval of the above-described resolution.

**THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVES. PROXIES RECEIVED BY THE BOARD WILL BE VOTED FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVES UNLESS STOCKHOLDERS SPECIFY IN THEIR PROXY A VOTE OF "AGAINST" OR "ABSTAIN".**

### **PROPOSAL 3**

## **APPROVAL OF AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO REMOVE A SUPERMAJORITY VOTING STANDARD FOR STOCKHOLDER APPROVAL OF AN ACQUISITION OF THE COMPANY BY ANOTHER PERSON OR ENTITY**

#### **Current vote requirement for Acquisition Transactions**

Section 6.2 of the Company's Certificate of Incorporation, as amended (the "Certificate"), currently requires the affirmative vote of the holders of at least two-thirds of the Company's stock entitled to vote to approve an acquisition of the Company by another person or entity by merger, consolidation or otherwise and to approve a sale, lease or transfer of all or substantially all of the assets of the Company (an "Acquisition Transaction"). This supermajority vote is not required if the Acquisition Transaction is recommended to the stockholders by at least two-thirds of the members of the Board, in which case only the vote of the holders of a simple majority of the Company's stock entitled to vote is required.

After careful consideration, our Board voted to approve, and to recommend to our stockholders that they approve, an amendment to the Certificate to eliminate Section 6.2.

#### **Reasons for the Proposal**

The Board continually evaluates the implementation of appropriate corporate governance measures. In this regard, the Board has evaluated the Company's voting requirements in the past and has consistently determined that the retention of a supermajority vote standard for Acquisition Transactions was the best way to protect the interests of all stockholders. The Board believes that an acquisition of the Company by a third party should have the support of a broad consensus of all stockholders. However, if the proposed amendment is approved, a relatively small number of stockholders could approve an Acquisition Transaction. A supermajority voting requirement for Acquisition Transactions also helps protect stockholders against unfairly priced or potentially abusive transactions proposed by certain stockholders or acquirers. The current supermajority voting standard could encourage a potential acquirer to negotiate transaction terms that take into account the interests of all of the Company's stockholders and that do not sacrifice the long-term success of the Company for short-term benefits.

After evaluation, the Board has determined that while the current voting requirement imposed by the Certificate is designed to incentivize potential acquirers to first contact the Board so that it can evaluate and negotiate such opportunities in advance, the Board recognizes that there are different perspectives on this matter and compelling arguments for the elimination of supermajority voting requirements to approve Acquisition Transactions. After carefully weighing all of these considerations, the Board approved the proposed amendment to the Certificate and recommends that the stockholders adopt the proposed amendment by voting in favor of this Proposal 3.

#### **Effect of the Proposal**

If the stockholders approve this Proposal 3, the Certificate will be amended to eliminate this supermajority voting requirement, and the voting requirement in the future for any Acquisition Transaction would be the default voting standard in the Delaware General Corporation Law ("DGCL"). As a result, such Acquisition Transactions that must be approved by stockholders pursuant to the DGCL generally would require the approval of the holders of a majority of the outstanding shares. For example, mergers and consolidations that must be approved by stockholders would require the approval of the holders of a majority of the outstanding shares entitled to vote thereon. However, consistent with the DGCL, other mergers would not require a vote of stockholders. For example, the DGCL provides that Stockholders need not approve certain short-form mergers, holding company reorganization mergers, certain mergers involving the issuance of less than 20% of the Company's stock and certain back-end mergers following a successful tender offer.

If our stockholders do not approve this proposal, then any acquisition of the Company by a third party will continue to require the approval of the holders of at least two-thirds of the total outstanding common stock of the Company.

### **Text of the Proposed Amendment**

The full text of Section 6.2 of the Certificate, which this amendment would delete in full, is as follows:

6.2 The affirmative vote of the holders of two-thirds of the corporation's stock entitled to vote shall be required to approve an acquisition of the corporation by another person or entity by merger, consolidation or otherwise and to approve a sale, lease or transfer of all or substantially all of the assets of the corporation. However, in the event any of these actions is recommended to the shareholders by at least two-thirds of the members of the board of directors then the affirmative vote of two-thirds of the shareholders of the corporation shall not be required to adopt such action and only the vote of a simple majority of the corporation's stock entitled to vote will be required.

### **Vote Required to Approve Proposal 3**

Approval of this amendment at the Annual Meeting requires the affirmative vote of the holders of at least two-thirds of the shares of our outstanding common stock.

**THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF AMENDMENTS TO OUR ARTICLES OF INCORPORATION TO REMOVE A SUPERMAJORITY VOTING STANDARD FOR STOCKHOLDER APPROVAL OF AN ACQUISITION OF THE COMPANY BY ANOTHER PERSON OR ENTITY. PROXIES RECEIVED BY THE BOARD WILL BE VOTED "FOR" THE PROPOSAL UNLESS STOCKHOLDERS SPECIFY IN THEIR PROXY A VOTE OF "AGAINST" OR "ABSTAIN".**

**PROPOSAL 4**  
**RATIFICATION OF SELECTION OF**  
**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers, LLP, an independent registered public accounting firm, performed an audit of our consolidated financial statements for the fiscal year ended June 30, 2020 and the effectiveness of our internal control over financial reporting as of June 30, 2020. The Audit Committee has selected PricewaterhouseCoopers, LLP to serve as our independent registered public accounting firm for the current fiscal year, and the committee is presenting this selection to stockholders for ratification. Representatives of PricewaterhouseCoopers, LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

If prior to the Annual Meeting PricewaterhouseCoopers, LLP declines to act as our independent registered public accountant or the Audit Committee decides not to use PricewaterhouseCoopers, LLP as our independent registered public accountant, the Audit Committee will appoint another independent registered public accounting firm. The Audit Committee will present any new independent registered public accounting firm for the stockholders to ratify at the Annual Meeting. If the stockholders do not ratify the engagement of PricewaterhouseCoopers, LLP at the Annual Meeting, then the Audit Committee will reconsider its selection of PricewaterhouseCoopers, LLP. Even if the appointment of PricewaterhouseCoopers, LLP is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

To ratify the selection of PricewaterhouseCoopers, LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021, a majority of the shares present and entitled to vote must vote to approve. For purposes of determining the vote regarding this proposal, abstentions will have the same impact as a no vote. Unless you specify otherwise in your proxy, the persons you have appointed will vote your shares “For” ratification of the selection of PricewaterhouseCoopers, LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2020.

**Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers, LLP for the audit of the Company’s annual consolidated financial statements for the fiscal years ended June 30, 2020 and 2019, and reviews of the financial statements included in the Company’s Forms 10-Q for those fiscal years, the audit of the Company’s assessment and effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, and fees for other services rendered during those periods.

	<u>2020</u>	<u>2019</u>
Audit Fees	\$1,892,750	\$2,771,330
Audit-Related Fees (1)	1,937,400	1,476,840
Tax Fees (2)	113,109	143,052
All Other Fees	900	900
Total Fees	<u>\$3,944,159</u>	<u>\$4,392,122</u>

- (1) Comprises fees for services that are reasonably related to the performance of the audit or review of the financial statements, including the independent assessments for system and organization controls reports (SOC 1 and SOC 2) for various regulated business operations of the Company, including our private cloud environment.
- (2) Tax fees for fiscal 2020 and fiscal 2019 relate to U.S. federal, state and local tax planning and compliance.

In making its decision to continue to retain PricewaterhouseCoopers, LLP as the Company’s independent registered public accounting firm for the next fiscal year, the Audit Committee has considered the above information to ensure that the provision of non-audit services will not negatively impact the maintenance of the firm’s independence.

The Audit Committee has in its Charter expressed its policy governing the engagement of the Company's independent registered public accounting firm for audit and non-audit services. Under the terms of the Charter, the Audit Committee is required to pre-approve all audit, audit related, and non-audit services performed by the Company's independent registered public accounting firm. All non-audit services for fiscal 2020 were pre-approved by the Audit Committee.

At the beginning of each fiscal year, the Audit Committee reviews with management and the independent registered public accounting firm the types of services that are likely to be required throughout the year. Those services are comprised of four categories: audit services, audit-related services, tax services and all other permissible services. The independent registered public accounting firm provides documentation for each proposed specific service to be provided. At that time, the Audit Committee pre-approves a list of specific services that may be provided within each of these categories and sets fee limits for each specific service or project. Management is then authorized to engage the independent registered public accounting firm to perform the pre-approved services as needed throughout the year, subject to providing the Audit Committee with regular updates. The Audit Committee reviews all billings submitted by the independent registered public accounting firm on a regular basis to ensure that their services do not exceed pre-defined limits. The Audit Committee or its Chairman reviews and approves in advance, on a case-by-case basis, all other projects, services and fees to be performed by or paid to the independent registered public accounting firm. The Audit Committee also approves in advance any fees for pre-approved services that exceed the pre-established limits, as described above.

**THE BOARD RECOMMENDS THAT YOU VOTE "FOR" RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED ACCOUNTING FIRM. PROXIES RECEIVED BY THE BOARD WILL BE VOTED FOR THE RATIFICATION UNLESS STOCKHOLDERS SPECIFY IN THEIR PROXY A VOTE OF "AGAINST" OR "ABSTAIN".**

## **STOCKHOLDER PROPOSALS AND NOMINATIONS**

Stockholders who intend to present proposals for inclusion in the proxy statement and form of proxy for the 2021 Annual Meeting of Stockholders must submit their proposals to the Company's Secretary on or before , 2021. A stockholder who wishes to present a proposal at the 2021 Annual Meeting, but who does not request inclusion in the proxy statement, must submit the proposal to the Company's Secretary by August 19, 2021. The Company's Bylaws specify requirements for the content of the notice that stockholders must provide.

In addition, any stockholder who intends to nominate a candidate for election to the Board at the Company's 2021 Annual Meeting pursuant to the advance notice provisions of the Bylaws, must give notice to the Company's Secretary on or before August 19, 2021. Notice of proxy access director nominees by stockholders who meet the eligibility requirements in the Company's Bylaws must be received by the Company's Secretary no earlier than the close of business on , 2021 and no later than the close of business on , 2021. In each case, the notice must include information specified in the Company's Bylaws, including information concerning the nominee and information about the stockholder's ownership of and agreements related to the Company's common stock.

The Company will not entertain any proposals or nominations at the 2020 Annual Meeting that do not meet the requirements set forth in the Company's Bylaws. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Exchange Act, as amended, the Company may exercise discretionary voting authority under proxies that it solicits to vote in accordance with the Company's best judgment on any such stockholder proposal or nomination. The Bylaws are posted on our web site at [www.jackhenry.com](http://www.jackhenry.com) under the "Investors" tab. To make a submission or to request a copy of our Bylaws, stockholders should contact the Company's Secretary. We strongly encourage stockholders to seek advice from knowledgeable counsel before submitting a proposal or a nomination.

## **COST OF SOLICITATION AND PROXIES**

Proxy solicitation is being made by mail, although it may also be made by telephone or in person by officers, directors and employees of the Company not specifically engaged or compensated for that purpose. The Company will bear the entire cost of the Annual Meeting, including the cost of preparing, assembling, printing, and mailing this Proxy Statement, the Proxy Card and any additional materials furnished to stockholders. Copies of the solicitation materials will be furnished to brokerage houses, fiduciaries and custodians for forwarding to the beneficial owners of shares held of record by them and, upon their request, such persons will be reimbursed for their reasonable expenses incurred in completing the mailing to such beneficial owners.

## **FINANCIAL STATEMENTS**

Consolidated financial statements of the Company are contained in the 2020 Annual Report to Stockholders which accompanies this Proxy Statement.

## **HOUSEHOLDING**

If you and other residents at your mailing address own shares in street name, your broker, bank or other nominee may have sent you a notice that your household will receive only one annual report and Proxy Statement for each company in which you hold shares through that broker, bank or nominee. This practice is called "householding." If you did not respond that you did not want to participate in householding, you are deemed to have consented to that process. If these procedures apply to you, your broker, bank or other nominee will have sent one copy of our 2020 Annual Report to Stockholders and Proxy Statement to your address. You may revoke your consent to householding at any time by contacting your broker, bank or other nominee. If you did not receive an individual copy of our 2020 Annual Report to Stockholders and Proxy Statement, we



will send copies to you if you contact us at 663 Highway 60, Post Office Box 807, Monett, Missouri, 65708, (417) 235-6652, Attention: Investor Relations. If you and other residents at your address have been receiving multiple copies of our 2020 Annual Report to Stockholders and Proxy Statement and desire to receive only a single copy of these materials, you may contact your broker, bank or other nominee or contact us at the above address or telephone number.

## OTHER MATTERS

The Board knows of no matters that are expected to be presented for consideration at the 2020 Annual Meeting which are not described herein. However, if other matters properly come before the meeting, it is intended that the persons named in the accompanying Proxy Card will vote thereon in accordance with their best judgment.

By Order of the Board of Directors

/s/ Craig K. Morgan

Craig K. Morgan, Secretary

Monett, Missouri  
, 2020

**A copy of the Company's 2020 Annual Report to Stockholders is included herewith. The Company will furnish without charge a copy of its Annual Report on Form 10-K, excluding exhibits, as filed with the SEC upon written request directed to Kevin D. Williams, Chief Financial Officer, Jack Henry & Associates, Inc., 663 Highway 60, Post Office Box 807, Monett, Missouri, 65708. The Form 10-K is also available at our investor relations website, <http://ir.jackhenry.com/financials-and-filings>. The Company will provide a copy of any exhibit to the Form 10-K to any such person upon written request and the payment of the Company's reasonable expenses in furnishing such exhibits.**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on November 17, 2020: The Proxy Statement, Proxy Card and the 2020 Annual Report to Stockholders are available at [www.envisionreports.com/JKHY](http://www.envisionreports.com/JKHY).**

**Your vote matters - here's how to vote!**

You may vote online or by phone instead of mailing this card.

**Online**

Go to [www.envisionreports.com/JKHY](http://www.envisionreports.com/JKHY) or scan the QR code – login details are located in the shaded bar below.



**Phone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories and Canada



**Save paper, time and money!**

Sign up for electronic delivery at [www.envisionreports.com/JKHY](http://www.envisionreports.com/JKHY)

Using a **black ink** pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas.



**Annual Meeting Proxy Card**

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

**A Proposals – The Board of Directors recommend a vote FOR Proposals 1 – 4.**

1. Election of Directors:

	For	Withhold		For	Withhold		For	Withhold
01 - M. Flanigan	<input type="checkbox"/>	<input type="checkbox"/>	02 - J. Prim	<input type="checkbox"/>	<input type="checkbox"/>	03 - T. Wilson	<input type="checkbox"/>	<input type="checkbox"/>
04 - J. Fiegel	<input type="checkbox"/>	<input type="checkbox"/>	05 - T. Wimsett	<input type="checkbox"/>	<input type="checkbox"/>	06 - L. Kelly	<input type="checkbox"/>	<input type="checkbox"/>
07 - S. Miyashiro	<input type="checkbox"/>	<input type="checkbox"/>	08 - W. Brown	<input type="checkbox"/>	<input type="checkbox"/>	09 - D. Foss	<input type="checkbox"/>	<input type="checkbox"/>



2. To approve, on an advisory basis, the compensation of our named executive officers.

For  Against  Abstain

3. To approve an amendment to our certificate of incorporation to remove a supermajority voting standard for stockholder approval of an acquisition of the company by another person or entity.

For  Against  Abstain

4. To ratify the selection of the Company's independent registered public accounting firm; and

5. To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

**B Authorized Signatures – This section must be completed for your vote to count. Please date and sign below.**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) – Please print date below.

\_\_\_\_/\_\_\_\_/\_\_\_\_

Signature 1 – Please keep signature within the box.

\_\_\_\_\_

Signature 2 – Please keep signature within the box.

\_\_\_\_\_




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The annual meeting of stockholders of Jack Henry & Associates, Inc. will be held on November 17, 2020 at 11:00 am (Central) virtually via the internet at [www.meetingcenter.io/283255771](http://www.meetingcenter.io/283255771)  
To access the virtual meeting, you must have the information that is printed in the shaded bar located on the reverse side of this form.

The password for this meeting is JKHY2020

	<p style="text-align: center;"><b>Small steps make an impact.</b> Help the environment by consenting to receive electronic delivery, sign up at <a href="http://www.envisionreports.com/JKHY">www.envisionreports.com/JKHY</a></p>	
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▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

**Proxy – Jack Henry & Associates, Inc.**



**This proxy is Solicited on Behalf of the Board of Directors**

The undersigned hereby appoints David B. Foss and Kevin D. Williams as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all the shares of common stock of Jack Henry & Associates, Inc. held of record by the undersigned on September 21, 2020, at the annual meeting of shareholders to be held on November 17, 2020 or any adjournment thereof.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR Proposals 1, 2, 3 and 4. In their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

(Items to be voted appear on reverse side)

**C Non-Voting Items**

**Change of Address** – Please print new address below.

**Comments** – Please print your comments below.

