



Jack Henry & Associates Reports Record Fiscal 2000 Third Quarter Profits

April 19, 2000. Jack Henry & Associates, Inc. (Nasdaq: JKHY) today reported double-digit growth in its third fiscal quarter, generating record revenues, profits and earnings per share. These record results reflect the increased demand for banking technology and e-finance solutions from financial institutions nationwide.

Income from continuing operations increased 22% to \$10.1 million, or \$.24 per diluted share in the quarter ended March 31, 2000, compared to \$8.3 million, or \$.20 per diluted share, in the like quarter a year ago. For the first nine months of fiscal 2000, income from continuing operations was \$22.9 million, or \$.55 per diluted share, compared to \$24.2 million, or \$.57 per diluted share. All prior periods have been adjusted to reflect the 2-for-1 split effective March 2, 2000.

"As expected, the market for bank technology has quickly rebounded from its Y2K doldrums, and we see increasing demand for all products and services. We believe our strong suite of Internet banking products, which include real-time e-banking and bank-branded portals, are the best in the industry. As such, our Internet technology provides a competitive advantage in a broad range of marketing situations," said Michael E. Henry, Chairman and CEO.

Total third quarter revenues increased 28% to \$56.4 million compared to the third quarter a year ago, due to strong sales in all areas. Software licensing and installation grew 36% to \$15.3 million, maintenance, support and services increased 35% to \$24.8 million and hardware sales increased 14% to \$16.3 million.

For the first nine months of fiscal 2000, total revenues increased 7% to \$150 million compared to \$141 million in the like period a year ago. Year-to-date software licensing and installation was flat at \$35.9 million and hardware sales were down 15% to \$45.7 million. Maintenance, support and services increased 34% to \$68.6 million. Backlog was \$91.2 million, at March 31, 2000, reflecting strong growth in our in-house component compared to \$79.2 million a year ago.

"Software licensing and installations is our most profitable revenue component, and consequently, its strong revenue growth helped boost gross margin to 48% in the third quarter, up from 46% in the third quarter a year ago," said Terry Thompson, CFO. Conversely, year-to-date gross margin was 43%, down from 46% in the comparable period of fiscal 1999 due to Y2K and the mix of revenues. Third quarter gross profit grew 34% to \$27.0 million compared to \$20.2 million in the third quarter of fiscal 1999. Year-to-date gross profit was \$64.8 million compared to \$64.1 million in the like period a year ago.

"We are well positioned to capture our share and more of the upsurge in bank technology spending. Our two most recent acquisitions greatly enhanced our product and service capabilities, both for banks using UNIX or NT platforms and for West Coast banks that outsource their data processing operations. We believe these improvements in the breadth of capabilities, coupled with JKHY's excellent reputation for customer service, provide compelling growth opportunities for the future," Henry said.

Third quarter operating expenses increased to \$11.5 million compared to \$8.0 million in the third quarter a year ago. Year-to-date operating expenses increased 16% to \$31.5 million compared to \$27.3 million in the first nine months of fiscal 1999. "The Open Systems Group ("OSG") acquisition not only increased general and administrative expenses but also resulted in expanded research and development efforts to adapt our ancillary products for integration into our UNIX and NT-based products," said Michael R. Wallace, President and COO.

Third quarter operating income was \$15.5 million compared to \$12.2 million in last year's third quarter. Year-to-date operating income was \$33.3 million compared to \$36.8 million in the first nine months of fiscal 1999. Pre-tax income was \$15.3 million in the third quarter up 20% from \$12.7 million in the like quarter a year ago. Year-to-date pre-tax income, reflecting the \$1.1 million interest expense related to the OSG acquisition and a \$1.1 million gain on sale of stock acquired in the Peerless Group, Inc. acquisition last year, was \$34.5 million compared to \$38.6 million in the like period a year ago.

Jack Henry & Associates, Inc. provides integrated computer systems and ATM networking products for banks and credit unions. Jack Henry markets and supports its systems throughout the United States and has over 2,625 customers nationwide. For additional information on Jack Henry, visit the company's web site at www.jackhenry.com.

Statements made in this news release that are not historical facts are forward-looking information. Actual results may differ materially from those projected in any forward-looking information. Specifically, there are a number of important factors that could cause actual results to differ materially from those anticipated by any forward looking information. Additional information on these and other factors which could affect the Company's financial results are included in its Securities and Exchange

Commission (SEC) filings on Form 10-K, and these statements should be reviewed by potential investors. Finally, there may be other factors not mentioned above or included in the Company's SEC filings that may cause actual results to differ materially from any forward-looking information.