



# Stock Selection Guide <sup>®</sup>

The most widely used aid to good investment judgment

Company	JACK HENRY & ASSOCIATES		Date	11/18/05	
Prepared by	MG		Data taken from	NAIC Data	
Where traded	NASDAQ		Major product/service	Application	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	91.5	22.7	53.6		
Debt (\$M)	0.0	% to Tot.Cap.	0.0	% Potential Dil.	None

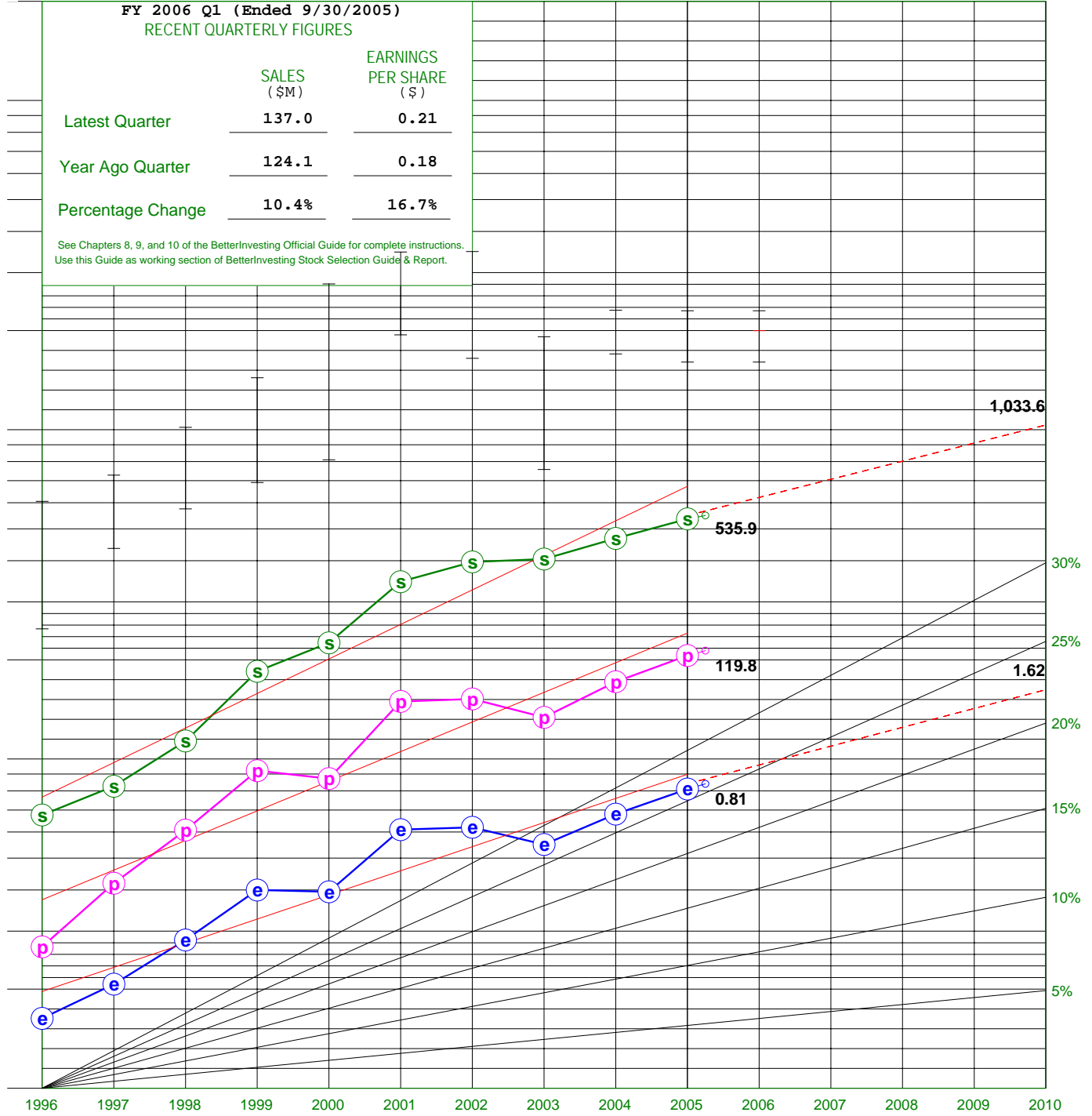
## 1 VISUAL ANALYSIS of Sales, Earnings and Price

JKHY

FY 2006 Q1 (Ended 9/30/2005)  
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	137.0	0.21
Year Ago Quarter	124.1	0.18
Percentage Change	10.4%	16.7%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions. Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



(1) Historical Sales Growth 27.3 % (3) Historical Earnings Per Share Growth 18.4 %  
 (2) Estimated Future Sales Growth 13.5 % (4) Estimated Future Earnings Per Share Growth 14.1 %

## 2 EVALUATING MANAGEMENT

Company **JACK HENRY & ASSOCIATES**

(JKHY)

11/18/05

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
<b>A</b> % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	23.1	29.5	31.2	29.0	22.5	25.2	22.3	19.2	21.3	22.4	22.1	EVEN	
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	31.0	29.0	29.1	28.1	21.1	17.9	16.2	13.3	13.8	14.3	15.1	DOWN	

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		19.100	HIGH THIS YEAR		21.960	LOW THIS YEAR		15.350	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100		
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C					
1	2001	33.1	18.6	0.61	54.3	30.5	0.110	18.0	0.6		
2	2002	33.2	15.8	0.62	53.5	25.5	0.130	21.0	0.8		
3	2003	18.3	7.2	0.55	33.3	13.1	0.140	25.5	1.9		
4	2004	22.0	16.3	0.68	32.4	24.0	0.150	22.1	0.9		
5	2005	22.0	15.4	0.81	27.2	19.0	0.170	21.0	1.1		
6	TOTAL		73.3		200.7	112.1		107.6			
7	AVERAGE		14.7		40.1	22.4		21.5			
8	AVERAGE PRICE EARNINGS RATIO				31.2	9	CURRENT PRICE EARNINGS RATIO				22.7

## 4 Proj. P/E [19.93] Based on Next 4 qtr. EPS [0.96] Current P/E Based on Last 4 qtr. EPS [0.84] PEG=141

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E  $\frac{40.1}{(3D7 \text{ as adj.})} = 27.0$  X Estimate High Earnings/Share  $1.62$  = Forecast High Price \$  $43.7$  (4A1)

### B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E  $\frac{22.4}{(3E7 \text{ as adj.})} = 19.0$  X Estimated Low Earnings/Share  $0.81$  = \$  $16.0$

(b) Avg. Low Price of Last 5 Years =  $14.7$  (3B7)

(c) Recent Severe Market Low Price =  $15.4$

(d) Price Dividend Will Support  $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.180}{0.019} = 9.3$

Selected Estimate Low Price = \$  $16.0$  (4B1)

### C ZONING

$43.7$  (4A1) High Forecast Price Minus  $16.0$  (4B1) Low Forecast Price Equals  $27.7$  (C) Range. 1/3 of Range =  $6.9$  (4CD)

(4C2) Lower 1/3 =  $16.0$  (4B1) to  $22.9$  (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 =  $22.9$  to  $36.8$  (Maybe)

(4C4) Upper 1/3 =  $36.8$  to  $43.7$  (4A1) (Sell)

Present Market Price of  $19.100$  is in the **Buy** (4C5) Range

### D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1)  $43.7$  Minus Present Price  $19.100$  =  $24.6$  =  $7.9$  To 1  
Present Price  $19.100$  Minus Low Price (4B1)  $16.0$  =  $3.1$  (4D)

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1)  $43.7$  = (  $2.288$  ) X 100 = (  $228.8$  ) - 100 =  $128.8$  (4E) % Appreciation  
Present Market Price  $19.100$

Relative Value: 72.8% Proj. Relative Value: 63.9%

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A Present Full Year's Dividend \$**  $0.180$   
Present Price of Stock \$  $19.100$  =  $0.009$  X 100 =  $0.9$  (5A) Present Yield or % Returned on Purchase Price

**B AVERAGE YIELD OVER NEXT 5 YEARS**  
Avg. Earnings Per Share Next 5 Years  $1.25$  X Avg. % Payout (3G7)  $21.5$  =  $26.9$  =  $1.4$  (5B) %  
Present Price \$  $19.100$

### C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

		P.A.R.	Tot. Ret.
5 Year Appreciation Potential (4E)	$128.8$		
Average Yield (5B)	$1.4$ %	$0.9$	$0.8\%$
Average Total Annual Return Over the Next 5 Years (5C)	$27.2$ %	$14.3\%$	$18.0\%$
		<b>% Compd Ann Rate of Ret</b>	$15.2\%$
			$18.8\%$

<b>TIMELINESS</b> 2 Raised 6/11/04	High: 2.0	4.3	7.0	7.6	13.8	14.1	33.1	33.2	24.5	22.0	21.0	22.0	Target Price Range 2008 2009 2010
<b>SAFETY</b> 3 New 11/30/01	Low: 1.1	1.5	3.4	4.4	6.2	6.6	12.1	18.6	7.2	9.9	17.2	15.4	
<b>TECHNICAL</b> 4 Lowered 8/5/05	<b>LEGENDS</b> — 22.0 x "Cash Flow" p sh . . . . Relative Price Strength 3-for-2 split 3/92 4-for-3 split 3/94 3-for-2 split 3/97 3-for-2 split 3/97 2-for-1 split 3/00 2-for-1 split 3/01 Options: Yes Shaded area indicates recession												
<b>BETA</b> 1.30 (1.00 = Market)	<b>2008-10 PROJECTIONS</b> Price Gain Ann'l Total High 55 (+190%) 31% Low 35 (+85%) 17%												
<b>Insider Decisions</b>	O N D J F M A M J to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 1 0 0 0 1 1 1 to Sell 3 3 3 3 3 3 0 1 4												
<b>Institutional Decisions</b>	3Q2004 4Q2004 1Q2005 to Buy 78 98 82 to Sell 55 49 79 Hlds(000) 53678 55549 56016												
													Percent shares traded 36 24 12
% TOT. RETURN 7/05 THIS STOCK VL ARITH. INDEX 1 yr. 1.0 23.2 3 yr. 38.7 86.2 5 yr. -10.9 75.6													

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
.18	.24	.31	.35	.49	.55	.66	.95	1.10	1.50	2.29	2.62	3.89	4.08	4.47	5.16	5.90	6.75	Revenues per sh	9.75
--	--	--	--	--	.12	.14	.22	.26	.36	.50	.58	.87	.86	.81	.98	1.15	1.35	"Cash Flow" per sh	2.00
.01	.01	.03	.06	.08	.09	.11	.16	.21	.28	.40	.41	.61	.62	.55	.68	.81	1.00	Earnings per sh A	1.55
--	.02	.02	.02	.03	.03	.04	.04	.05	.06	.07	.10	.11	.14	.14	.15	.18	.18	Div'ds Decl'd per sh B	.22
.01	.01	.00	.01	.06	.03	.04	.07	.14	.10	.48	.38	.65	.55	.51	.54	.60	.60	Cap'l Spending per sh	.70
.14	.13	.14	.18	.26	.34	.42	.53	.70	.97	1.42	1.80	3.40	3.76	4.03	4.89	5.70	6.55	Book Value per sh D	9.90
65.38	63.51	67.40	67.40	66.87	70.05	70.39	71.21	75.01	75.80	80.40	85.83	88.85	90.52	90.52	90.52	91.00	90.00	Common Shs Outst'g C	90.00
30.9	7.6	5.2	11.7	16.3	19.9	15.2	23.9	26.7	26.3	25.8	34.4	41.5	37.4	23.7	28.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	30.0
2.34	.56	.33	.71	.96	1.31	1.02	1.50	1.54	1.37	1.47	2.24	2.13	2.04	1.35	1.47			Relative P/E Ratio	2.00
--	22.2%	13.7%	3.2%	2.2%	1.8%	2.2%	1.1%	1.0%	.8%	.7%	.7%	.4%	.6%	1.1%	.8%			Avg Ann'l Div'd Yield	.4%

<b>CAPITAL STRUCTURE as of 3/31/05</b>	46.1	67.6	82.6	113.4	184.5	225.3	345.5	369.0	404.6	467.4	535.9	610	Revenues (\$mill)	880
Total Debt None	30.1%	33.7%	34.3%	34.3%	31.0%	29.5%	31.2%	29.1%	25.0%	26.9%	27.0%	28.0%	Operating Margin	28.0%
<b>Leases, Uncapitalized:</b> Annual rentals \$4.2 mill.	2.1	3.6	4.1	5.1	7.9	15.5	21.9	20.9	24.0	26.8	28.0	30.0	Depreciation (\$mill)	36.0
<b>No Defined Benefit Pension Plan</b>	8.0	12.3	15.8	22.2	32.5	34.4	55.6	57.1	49.4	62.3	75.5	90.0	Net Profit (\$mill)	140
<b>Pfd Stock None</b>	36.9%	38.2%	37.2%	37.1%	36.7%	33.6%	34.0%	35.5%	36.5%	37.5%	37.0%	38.0%	Income Tax Rate	38.0%
<b>Common Stock</b> 91,377,152 shs.	17.3%	18.2%	19.1%	19.6%	17.6%	15.2%	16.1%	15.5%	12.2%	13.3%	14.1%	14.8%	Net Profit Margin	15.9%
<b>MARKET CAP: \$1.7 billion (Mid Cap)</b>	d.6	6.9	15.5	29.8	22.1	d47.1	65.1	67.3	70.5	85.9	100	120	Working Cap'l (\$mill)	250
<b>CURRENT POSITION</b> 2003 2004 3/31/05	--	--	--	--	--	.3	.2	--	.2	.2	--	--	Long-Term Debt (\$mill)	Nil
Cash Assets	29.5	37.4	52.8	73.5	114.5	154.5	302.5	340.7	365.2	442.9	517.2	590	Shr. Equity (\$mill)	910
Receivables	27.1%	32.8%	29.9%	30.2%	28.4%	22.8%	18.5%	16.7%	13.5%	14.1%	14.6%	15.0%	Return on Total Cap'l	15.5%
Other	27.1%	32.8%	29.9%	30.2%	28.4%	22.2%	18.4%	16.7%	13.5%	14.1%	14.6%	15.0%	Return on Shr. Equity	15.5%
Current Assets	18.6%	24.8%	23.0%	24.1%	23.4%	17.5%	15.2%	13.3%	10.2%	11.0%	11.5%	12.5%	Retained to Com Eq	13.0%
Accts Payable	31%	24%	23%	20%	17%	21%	17%	20%	25%	22%	22%	18%	All Div'ds to Net Prof	14%
Debt Due	<b>BUSINESS:</b> Jack Henry & Associates Inc. provides integrated computer systems and services to banks and other financial institutions. It has developed several banking application software systems that it markets, along with computer hardware, to financial institutions. In addition, it performs data conversion, software installation, and software customization for the implementation of its systems. Acquired													
Other	<b>Jack Henry made solid progress in fiscal 2005</b> (year ended June 30th). The company's bottom line rose 19% year over year, to \$0.81, driven by a 15% increase in revenues. The top line continued to benefit from strength in license revenues, which jumped from \$62.6 million last year, to \$82.4 million. In addition, support and service sales, which represented 68% of total revenue, increased 17%, aided by greater in-house support fees, outsourcing, and higher ATM/Debit card switch fees. Nonetheless, hardware sales declined 4%, and we think that they will likely remain sluggish over the coming quarters.													
Current Liab.	<b>Jack Henry should perform nicely over the 3- to 5-year horizon.</b> We expect economic conditions to improve further over this period, which will likely lead to a strengthening in technology spending by banks and credit unions. Also, operating margins should remain decent as revenue gains outpace expenditures for research and development efforts. Overall, we project annual growth rates in the company's top and bottom lines of between 10% and 15% during this time, assuming greater demand for imaging and Internet banking products.													

Cash Assets	33.0	54.8	16.9
Receivables	151.0	169.9	80.0
Other	33.3	34.4	32.8
Current Assets	217.3	259.1	129.7
Accts Payable	9.6	9.2	7.9
Debt Due	--	--	--
Other	137.2	164.0	105.6
Current Liab.	146.8	173.2	113.5

<b>ANNUAL RATES</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
of change (per sh)	25.5%	23.0%	13.5%
Revenues	22.5%	18.5%	14.5%
"Cash Flow"	23.5%	16.0%	15.0%
Earnings	18.0%	18.0%	9.0%
Dividends	32.0%	32.5%	15.0%
Book Value			

<b>Fiscal Year Ends</b>	<b>QUARTERLY REVENUES (\$ mill.)</b>				<b>Full Fiscal Year</b>
	Sep.30	Dec.31	Mar.31	Jun.30	
2002	86.1	91.5	92.6	98.8	369.0
2003	94.0	102.6	98.9	112.7	404.6
2004	108.9	112.7	119.7	126.1	467.4
2005	124.1	136.0	134.4	141.4	535.9
2006	142.0	150.0	154.0	164.0	610

<b>Fiscal Year Ends</b>	<b>EARNINGS PER SHARE A</b>				<b>Full Fiscal Year</b>
	Sep.30	Dec.31	Mar.31	Jun.30	
2002	.16	.14	.15	.17	.62
2003	.13	.13	.14	.16	.55
2004	.15	.16	.18	.19	.68
2005	.18	.19	.21	.23	.81
2006	.23	.24	.25	.28	1.00

<b>Cal-endar</b>	<b>QUARTERLY DIVIDENDS PAID B</b>				<b>Full Year</b>
	Mar.31	June.30	Sept.30	Dec.31	
2001	.03	.03	.03	.03	.12
2002	.035	.035	.035	.035	.14
2003	.035	.035	.035	.035	.14
2004	.04	.04	.04	.04	.16
2005	.045	.045			

**(A)** Fiscal year ends June 30th. Diluted earnings per share. Next earnings report due mid-October. **(B)** Dividends historically paid in late February, May, September, and December. **(C)** In millions, adjusted for stock splits. **(D)** Includes intangibles, as of fiscal '04: \$148.5 million, \$1.64/share. **(E)** Quarterly egs. do not sum due to rounding.

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**Company's Financial Strength** B++  
**Stock's Price Stability** 35  
**Price Growth Persistence** 70  
**Earnings Predictability** 80  
**To subscribe call 1-800-833-0046.**

Randy Shrikishun August 26, 2005



# PERT Worksheet-A

Company JACK HENRY & ASSOCIATES

(JKHY)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
09/97	0.06		7.20	27.8		25.90	40.8	32.5				90.1		35.6			
12/97	0.07		8.70	24.6		35.40	66.2	36.7	0.23	28.73	27.6	104.2	10.2	35.5			
03/98	0.07	42.9	9.23	26.5	52.8	34.90	57.9	37.4	0.26	31.92	27.3	117.0	11.3	35.3			
06/98	0.09	62.1	12.39	26.7	82.4	46.40	123.1	37.0	0.29	37.52	26.3	142.6	13.5	35.9			72.6
09/98	0.11	75.0	14.23	29.0	97.6	49.13	89.7	38.0	0.34	44.55	26.9	165.8	16.6	37.3			84.0
12/98	0.10	49.3	13.65	28.7	56.9	47.58	34.4	37.9	0.37	49.50	27.8	178.0	18.6	37.6	57.7	72.3	70.8
03/99	0.10	45.7	13.41	25.9	45.3	51.85	48.6	35.2	0.40	53.68	27.5	195.0	19.9	37.0	57.3	68.1	66.6
06/99	0.10	4.3	12.53	27.9	1.1	44.97	-3.1	33.7	0.41	53.81	27.8	193.5	19.5	36.2	39.2	43.4	35.7
09/99	0.09	-12.4	11.63	26.8	-18.3	43.43	-11.6	33.2	0.39	51.22	27.3	187.8	17.9	35.0	16.7	15.0	13.3
12/99	0.05	-50.0	6.26	11.6	-54.1	54.08	13.7	33.3	0.34	43.83	22.6	194.3	14.8	33.9	-7.3	-11.4	9.2
03/00	0.12	17.6	15.39	26.3	14.7	58.42	12.7	33.8	0.36	45.81	22.8	200.9	15.3	33.5	-10.2	-14.7	3.1
06/00	0.13	32.7	17.38	25.1	38.7	69.37	54.2	34.9	0.39	50.66	22.5	225.3	17.1	33.8	-3.2	-5.9	16.4
09/00	0.14	46.7	18.57	24.1	59.7	77.01	77.3	35.2	0.44	57.60	22.2	258.9	19.8	34.3	11.0	12.5	37.8
12/00	0.14	180.0	20.13	22.3	221.5	90.41	67.2	36.2	0.53	71.47	24.2	295.2	25.0	35.0	53.5	63.1	51.9
03/01	0.17	41.7	23.97	24.4	55.7	98.20	68.1	34.8	0.58	80.04	23.9	335.0	28.2	35.3	59.7	74.7	66.7
06/01	0.17	30.8	24.26	24.0	39.6	101.28	46.0	35.1	0.62	86.92	23.7	366.9	30.7	35.3	56.9	71.6	62.9
09/01	0.16	18.5	22.84	24.7	23.0	92.57	20.2	35.0	0.64	91.19	23.8	382.5	32.2	35.3	47.1	58.3	47.7
12/01	0.14	0.0	20.37	20.7	1.2	98.23	8.6	36.6	0.64	91.43	23.4	390.3	32.3	35.4	21.9	27.9	32.2
03/02	0.15	-11.8	21.18	21.2	-11.6	99.78	1.6	34.5	0.62	88.65	22.6	391.9	31.3	35.3	7.8	10.8	17.0
06/02	0.17	0.0	24.09	22.7	-0.7	106.08	4.7	35.1	0.62	88.47	22.3	396.7	31.2	35.3	0.8	1.8	8.1
09/02	0.13	-18.8	17.79	18.9	-22.1	93.98	1.5	34.5	0.59	83.43	21.0	398.1	29.3	35.2	-7.8	-8.5	4.1
12/02	0.13	-7.1	18.39	17.9	-9.7	102.56	4.4	37.2	0.58	81.45	20.2	402.4	28.8	35.3	-9.4	-10.9	3.1
03/03	0.14	-6.7	19.40	19.6	-8.4	98.90	-0.9	35.8	0.57	79.66	19.8	401.5	28.4	35.7	-8.1	-10.1	2.5
06/03	0.16	-5.9	22.21	20.3	-7.8	109.19	2.9	35.4	0.56	77.79	19.2	404.6	27.8	35.7	-9.7	-12.1	2.0
09/03	0.15	15.4	21.82	20.0	22.7	108.94	15.9	37.4	0.58	81.82	19.5	419.6	29.8	36.4	-1.7	-1.9	5.4
12/03	0.16	23.1	22.87	20.3	24.4	112.73	9.9	35.6	0.61	86.30	20.1	429.8	31.1	36.0	5.2	6.0	6.8
03/04	0.18	28.6	25.70	21.5	32.5	119.71	21.0	35.5	0.65	92.60	20.6	450.6	33.3	36.0	14.0	16.2	12.2
06/04	0.19	18.8	29.32	23.3	32.0	126.04	15.4	40.2	0.68	99.70	21.3	467.4	37.1	37.2	21.4	28.2	15.5
09/04	0.18	20.0	26.68	21.5	22.3	124.10	13.9	37.6	0.71	104.56	21.7	482.6	38.9	37.2	22.4	27.8	15.0
12/04	0.19	18.8	28.31	20.8	23.8	135.96	20.6	37.6	0.74	110.00	21.7	505.8	41.5	37.7	21.3	27.5	17.7
03/05	0.21	16.7	31.09	23.1	21.0	134.38	12.3	36.9	0.77	115.39	22.2	520.5	43.9	38.1	18.5	24.6	15.5
06/05	0.23	21.1	33.77	23.9	15.2	141.43	12.2	36.6	0.81	119.84	22.4	535.9	44.5	37.2	19.1	20.2	14.6
09/05	0.21	16.7	30.83	22.5	15.6	136.98	10.4	36.0	0.84	123.99	22.6	548.8	45.6	36.8	18.3	18.6	13.7
12/05								36.0						36.4			
03/06								36.0						36.1			
06/06								36.0						36.0			

A B C D E F G H I J K L M N O P Q R S T

Trailing 4 quarters

# PERT Worksheet-A Graph

Company JACK HENRY & ASSOCIATES

(JKHY)

