HEARTLAND PAYMENT SYSTEMS INC
Form 424B5
September 19, 2007
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Filed Pursuant to Rule 424B5
Registration No. 333-144917

P R O S P E C T U S S U P P L E M E N T

(To Prospectus dated September 7, 2007)

5,520,667 Shares

Heartland Payment Systems, Inc.

Common Stock

$26.34 per Share

We are offering 21,167 shares of our common stock, par value $0.001 per share, and the selling stockholders identified in this prospectus supplement are offering 5,499,500 shares of our common stock. We will not receive any proceeds from the sale of shares being sold by the selling stockholders.

Our common stock is traded on the New York Stock Exchange under the symbol HPY . On September 17, 2007, the last reported sales price of our common stock on the New York Stock Exchange was $26.34 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 4 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$26.34	$145,414,369
Underwriting Discount	$1.0536	$5,816,575
Proceeds to Heartland Payment Systems (before expenses)	$25.2864	$535,237
Proceeds to the selling stockholders (before expenses)	$25.2864	$139,062,557

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 3,174 and 824,926 additional shares of common stock, respectively, at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering.

The underwriters expect to deliver shares against payment on September 21, 2007.

Citi **JPMorgan**

William Blair & Company

SunTrust Robinson Humphrey

Robert W. Baird & Co.

KeyBanc Capital Markets

September 17, 2007

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common stock. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we authorize to be distributed to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus before making your investment decision. You should also read and consider the information in the documents we have referred you to in the sections of this prospectus supplement entitled Information Incorporated by Reference and Where You Can Find More Information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and may not contain all of the information that is important to you. We encourage you to read this prospectus supplement and accompanying prospectus in its entirety, including the Risk Factors section in the accompanying prospectus and the documents incorporated by reference herein. As used in this prospectus supplement and accompanying prospectus, unless otherwise specified or the context requires otherwise, the terms we, our, and us refer to Heartland Payment Systems, Inc. and its subsidiaries.

Heartland Payment Systems, Inc.

Our Business

Bank Card Payment Processing

Our primary business is to provide bank card payment processing services to merchants in the United States. This involves facilitating the exchange of information and funds between merchants and cardholders financial institutions, providing end-to-end electronic payment processing services to merchants, including merchant set-up and training, transaction authorization and electronic draft capture, clearing and settlement, merchant accounting, merchant assistance and support and risk management. We also provide additional services to our merchants, such as payroll processing, gift and loyalty programs and paper check processing, and we sell and lease point-of-sale devices and supplies.

According to The Nilson Report, in 2006 we were the 6th largest card acquirer in the United States (counting affiliated competitors as single entities for these purposes) ranked by purchase volume, which consists of both credit and debit Visa and MasterCard transactions. This ranking represented 2.3% of the total bank card processing market. At June 30, 2007, we provided our bank card payment processing services to approximately 146,975 active merchant locations, referred to as bank card merchants in this document, throughout the United States. In 2006, 2005 and 2004, our bank card processing volume was $43.3 billion, $33.7 billion and $25.0 billion, respectively. Our bank card processing volume for the six months ended June 30, 2007 was $24.5 billion, a 21.2% increase from the $20.2 billion processed during the six months ended June 30, 2006.

Our bank card processing revenue is recurring in nature, as we typically enter into three-year service contracts that, in order to qualify for the agreed-upon pricing, require the achievement of agreed bank card processing volume minimums from our merchants. Most of our revenue is from gross processing fees, which are primarily a combination of a percentage of the dollar amount of each Visa and MasterCard transaction we process plus a flat fee per transaction. We pay interchange fees to card issuing banks and dues and assessments to Visa and MasterCard, and we retain the remainder. On average, our gross revenue from processing transactions equals approximately $2.43 for every $100 we process.

We sell and market our bank card payment processing services through a nationwide direct sales force consisting of approximately 1,491 sales professionals as of June 30, 2007. Through this sales force we establish a local sales and servicing presence, which we believe provides for enhanced referral opportunities and helps mitigate merchant attrition. We compensate our sales force solely through commissions, based upon the performance of their merchant accounts. We believe that our sales force and our experience and knowledge in providing payment processing services to small- and medium-size merchants gives us the ability to effectively evaluate and manage the payment processing needs and risks that are unique to these merchants. In 2006, our sales force generated over 55,000 bank card merchant applications and installed almost 51,000 new bank card merchants. In 2005, our sales force generated over 49,500 bank card merchant applications and installed almost 45,000 new bank card merchants. The number of new bank card merchants installed during the six months ended

June 30, 2007 grew by approximately 11.3% to 28,567 new bank card merchants installed, compared to 25,671 new bank card merchants installed during the six months ended June 30, 2006.

We have developed significant expertise in industries that we believe present relatively low risks as the customers are generally present in person and the products or services are generally delivered at the time the transaction is processed. These industries include restaurants, brick and mortar retailers, lodging establishments, automotive repair shops, convenience and liquor stores and professional service providers. As of June 30, 2007, approximately 31.1% of our bank card merchants were restaurants, approximately 20.5% were brick and mortar retailers, approximately 10.5% were convenience and liquor stores, approximately 8.8% were automotive sales, repair shops and gas stations, approximately 7.5% were professional service providers and approximately 3.9% were lodging establishments.

Since our inception, we have developed a number of proprietary Internet-based systems to increase our operating efficiencies and distribute our processing and merchant data to our three main constituencies: our sales force, our merchant base and our customer service staff. In 2001, we began providing authorization and data capture services to our merchants through our own front-end processing system, HPS Exchange. In 2005, we began providing clearing, settlement and merchant accounting services through our own internally developed back-end processing system, Passport. Passport enables us to customize these services to the needs of our Relationship Managers and merchants. We completed converting substantially all of our bank card merchants to Passport during the second quarter of 2006.

During the years ended December 31, 2005 and 2006 and the six months ended June 30, 2007, approximately 53%, 64% and 72%, respectively, of our transactions were processed through HPS Exchange, which has decreased our operating costs per transaction. At June 30, 2007, approximately 143,760 of our 146,975 total bank card merchants were processing on Passport. With the conversion to Passport in 2006, our internally developed systems are providing substantially all aspects of a merchant s processing needs. Previously, we relied on third party vendors for some of these services including bank card authorization and data capture services, settlement and merchant accounting services.

Payroll Processing Services

Through our wholly-owned subsidiary, Heartland Payroll Company, we operate a full-service nationwide payroll processing service. At June 30, 2007 we processed payroll for 5,467 customers throughout the United States, increases of 29.7% and 57.0%, respectively, from 4,216 payroll customers at December 31, 2006 and 3,482 payroll customers at June 30, 2006.

Our nationwide direct sales force also sells our payroll processing services solely on a commission basis. In 2006, our direct sales force received additional training regarding our payroll processing products and increased its focus on selling these products. In 2006, 2005 and 2004, we installed 3,140, 1,117 and 988 new payroll processing customers, respectively.

Our total merchants, which we define as bank card processing merchants plus payroll customers, increased to 152,442 at June 30, 2007. This represents increases of 10.9% and 18.8%, respectively, over the 137,416 total merchants at December 31, 2006 and 128,282 total merchants at June 30, 2006.

Corporate Information

Our principal executive offices are located at 90 Nassau Street, Princeton, New Jersey 08542 and our telephone number is (609) 683-3831. Our website address is www.heartlandpaymentsystems.com. Information contained on our website is not a prospectus and does not constitute part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Unless otherwise stated, information herein assumes that the underwriters will not exercise their option to purchase additional shares.

Shares Offered by Us	21,167 shares
Shares Offered by the Selling Stockholders	5,499,500 shares
Shares to be Outstanding After the Offering	37,696,013 shares

The number of shares of our common stock to be outstanding after this offering is based upon the number of shares of common stock outstanding as of August 15, 2007 and excludes:

- 3,447,751 shares of common stock issuable, as of August 15, 2007, upon the exercise of outstanding options to purchase common stock, at a weighted average exercise price of $11.02 per share; and

- 1,211,555 shares of common stock reserved for issuance under our Second Amended and Restated 2000 Incentive Stock Option Plan.

Use of Proceeds	We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. We intend to use the net proceeds to us of this offering for general corporate purposes. See Use of Proceeds .
Dividend Policy	We began paying quarterly dividends to our stockholders in September 2006. For a discussion of dividends and the factors that will affect the determination by our Board of Directors to declare dividends, see Dividend Policy .
New York Stock Exchange Symbol	HPY
Risk Factors	See Risk Factors in the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference that are based on our management s beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words believe, expect, anticipate, intend, plan, estimate or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. We do not have any intention or obligation to update these forward-looking statements.

You should understand that many important factors, in addition to those discussed elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, could cause our results to differ materially from those expressed in the forward-looking statements. These factors include, without limitation, our competitive environment, the business cycles and credit risks of our customers, merchant attrition, chargeback liability, problems with our bank sponsor, our reliance on other bank card payment processors, our inability to pass increased interchange fees along to our merchants, economic conditions, the unauthorized disclosure of merchant data, government regulation and system failures.

USE OF PROCEEDS

We estimate the net proceeds to us from this offering will be approximately $104,220 (or approximately $184,479 if the underwriters option to purchase additional shares of our common stock is exercised in full) after payment of underwriting discounts and commissions and estimated expenses of this offering. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

We intend to use the net proceeds of this offering for general corporate purposes.

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CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007 on an actual basis and on an as adjusted basis to give effect our receipt of approximately $104,220 in estimated net proceeds from our sale of 21,167 shares of our common stock in this offering. This table should be read in conjunction with our annual report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC on March 9, 2007, our quarterly report on Form 10-Q for the three months ended March 31, 2007, filed with the SEC on May 9, 2007, our quarterly report on Form 10-Q for the three months ended June 30, 2007, filed with the SEC on August 8, 2007, and the other information incorporated by reference into this prospectus.

	As of June 30, 2007 (in thousands, except share data)	As Adjusted (in thousands, except share data)
Stockholders equity		
Common Stock, $.001 par value, 100,000,000 shares authorized, 39,133,454 shares issued at June 30, 2007; 37,443,754 shares outstanding at June 30, 2007	$ 39	$ 39
Additional paid-in capital	163,163	163,267
Accumulated other comprehensive loss	(25)	(25)
Retained earnings	23,787	23,787
Treasury stock, at cost (1,689,700 shares at June 30, 2007)	(40,832)	(40,832)
Total stockholders equity	$ 146,132	$ 146,236
Total capitalization	$ 146,132	$ 146,236

The number of shares of our common stock to be outstanding after this offering is based upon the number of shares of common stock outstanding as of June 30, 2007 and excludes:

3,704,143 shares of common stock issuable, as of June 30, 2007, upon the exercise of outstanding options to purchase common stock, at a weighted average exercise price of $10.73 per share; and

1,233,255 shares of common stock reserved for issuance under our Second Amended and Restated 2000 Incentive Stock Option Plan.

PRICE RANGE OF OUR COMMON STOCK

Our common stock, $0.001 par value per share, our only class of common equity, has been quoted on the New York Stock Exchange under the symbol HPY since August 16, 2005. The following table sets forth the high and low sales prices per share of our common stock for the periods indicated, as reported on the New York Stock Exchange:

	High	Low
Year ending December 31, 2007		
Third Quarter (through September 17, 2007)	$ 33.00	$ 25.95
Second Quarter	$ 29.60	$ 23.66
First Quarter	$ 29.01	$ 23.40
Year ending December 31, 2006		
Fourth Quarter	$ 29.44	$ 24.08
Third Quarter	$ 29.02	$ 23.12
Second Quarter	$ 29.90	$ 24.38
First Quarter	$ 25.62	$ 21.22
Five months ended December 31, 2005		

Fourth Quarter	$ 26.50	$ 20.77
Third Quarter	$ 27.73	$ 22.20

As of September 17, 2007, the closing sale price of our common stock as reported on the New York Stock Exchange was $26.34 per share. As of August 15, 2007, there were 54 holders of record of our common stock, not including beneficial owners of shares registered in nominee or street name on such date.

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SELLING STOCKHOLDERS

The following table presents certain information regarding the beneficial ownership of our common stock outstanding as of August 15, 2007 to be sold in this offering by the selling stockholders. Please see the Certain Relationships and Related Transactions section of the proxy statement for our annual meeting of stockholders held on May 3, 2007 which is incorporated by reference into this prospectus supplement for a description of material relationships between us and the selling stockholders. As described in the footnotes below, Robert O. Carr has been our Chairman and Chief Executive Officer since our inception in October 2000. In addition, as described in the footnotes below, Robert H.B. Baldwin, Jr. has been our Chief Financial Officer since our inception in October 2000.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date hereof are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the following table or pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder s name. The percentages of beneficial ownership set forth below are based on 37,674,846 shares of common stock outstanding on August 15, 2007.

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering		Shares Being Sold in the Offering	Shares Beneficially Owned After the Offering		Maximum Number of Shares Being Sold in the Over-Allotment Option, if Any	Shares Beneficially Owned After the Offering if the Underwriters Over-Allotment Option is Exercised in Full	
	Number	Percentage		Number	Percentage		Number	Percentage
Greenhill Capital Partners, L.P.(1)(2)(3)(10)	3,207,498	8.5%	1,357,800	1,849,698	4.9%	203,670	1,646,028	4.4%
Greenhill Capital L.P.(1)(2)(3)(10)	978,364	2.6%	414,162	564,202	1.5%	62,125	502,077	1.3%
Greenhill Capital Partners (Cayman) L.P.(1)(2)(3)(10)	534,721	1.4%	226,359	308,362	*	33,955	274,407	*
Greenhill Capital Partners (Executives) L.P.(1)(2)(3)(10)	517,751	1.4%	219,174	298,577	*	32,875	265,702	*
LLR Equity Partners, L.P.(1)(2)(4)(5)	4,133,509	11.0%	1,749,800	2,383,709	6.3%	262,470	2,121,239	5.6%
LLR Equity Partners Parallel, L.P.(1)(2)(4)(5)	419,491	1.1%	177,579	241,912	*	26,637	215,275	*
Robert O. Carr(6)(7)	10,365,358	27.5%	1,269,962	9,095,396	24.1%	190,494	8,904,902	23.6%
Robert H.B. Baldwin, Jr.(8)(9).	1,029,736	2.7%	84,664	945,072	2.5%	12,700	932,372	2.5%
Total	21,186,428	56.2%	5,499,500	15,686,928	41.6%	824,926	14,862,002	39.4%

* Less than 1% of the outstanding stock.

(1) Each of the indicated selling stockholders acquired such selling stockholder s beneficial ownership of some of the shares of common stock offered by this prospectus and some or all of the other shares of common stock beneficially owned by such selling stockholder by conversion of the Series A Senior Convertible Participating Preferred Stock, par value $0.01, which each such selling stockholder received in our October 11, 2001 sale of 13,333,334 shares of Series A Senior Convertible Participating Preferred Stock. Such issuance of the Series A Senior Convertible Participating Preferred Stock was exempt from registration pursuant to Section 4(2) of the Securities Act.

(2) Each of the indicated selling stockholders acquired such selling stockholder s beneficial ownership of some of the shares of common stock offered by this prospectus and some or all of the other shares of common stock beneficially owned by such selling stockholder pursuant to the sales of our common stock by Carr Holdings, L.L.C. on March 21, 2003 and November 17, 2004.

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(3) By virtue of their ownership and positions as the Senior Members of GCP 2000, LLC and as Managing Directors of Greenhill Capital Partners, LLC, which control the general partners of Greenhill Capital Partners, L.P. and its affiliated investment funds, Scott L. Bok, Robert F. Greenhill, Robert H. Niehaus and V. Frank Pottow may be deemed to beneficially own these shares. In addition, GCP Managing Partner, L.P. and GCP, L.P., the general partners of Greenhill Capital Partners, L.P. and its affiliated investment funds, as well as Greenhill Capital Partners, LLC and GCP 2000, LLC, which control the general partners, and Greenhill & Co., Inc., the sole member of Greenhill Capital Partners, LLC, may be deemed to beneficially own these shares. Decisions regarding the investments by the funds are made by an investment committee, the composition of which may change from time to time. The current members of the investment committee are Robert H. Niehaus, Scott L. Bok, Robert F. Greenhill, Simon A. Borrows, Kevin A. Bousquette and V. Frank Pottow, each of whom disclaims beneficial ownership of the shares held by the funds except to the extent of his pecuniary interest therein.

(4) Each of the indicated selling stockholders acquired such selling stockholder s beneficial ownership of some of the shares of common stock offered by this prospectus and some or all of the other shares of common stock beneficially owned by such selling stockholder pursuant to the sale of our common stock by Carr Holdings, L.L.C. on May 3, 2005.

(5) By virtue of his ownership and/or position as management of LLR Capital, L.P., which is the general partner of LLR Equity Partners, L.P. and LLR Equity Partners Parallel, L.P., Mitchell L. Hollin may be deemed to beneficially own these shares. In addition, LLR Capital, L.P., the general partner of LLR Equity Partners, L.P. and LLR Equity Partners Parallel, L.P., may be deemed to beneficially own these shares. Mr. Hollin disclaims beneficial ownership of the shares held by the funds except to extent of his pecuniary interest therein.

(6) Robert O. Carr acquired his beneficial ownership of the shares of common stock offered by this prospectus pursuant to an exercise on February 22, 2006 of an option to purchase an aggregate of 1,750,000 shares of our common stock granted by Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P., Greenhill Capital Partners (Executives), L.P., Greenhill Capital, L.P., LLR Equity Partners, L.P., and LLR Equity Partners Parallel, L.P. in July 2003. Mr. Carr acquired the remainder of the shares of common stock he owns beneficially through the exercise of options granted under our 2000 Equity Incentive Plan and pursuant to an exchange of his limited liability company membership interests of Triad, L.L.C., a New Jersey limited liability company, for our common stock pursuant to an agreement and plan of merger between us and Triad dated September 30, 2000, pursuant to which Triad was merged into us upon the filing of the certificates of merger with the states of Delaware and New Jersey on October 3, 2000 and October 2, 2000, respectively. Each outstanding limited liability company membership interest of Triad was converted into 2,000 shares of our common stock.

(7) Robert O. Carr has served as our Chairman of the Board of Directors and Chief Executive Officer since October 2000.

(8) Robert H.B. Baldwin, Jr. acquired or will acquire beneficial ownership of the shares of common stock offered by this prospectus pursuant to an exercise of an option granted under our 2000 Equity Incentive Plan.

(9) Robert H.B. Baldwin, Jr. has served as our Chief Financial Officer since October 2000.

(10) Each of Greenhill Capital Partners, L.P. and its affiliated investment funds is an affiliate of a registered broker-dealer and has informed us that:

- it purchased the securities offered by this prospectus in the ordinary course of business, and

- at the time the securities were purchased, it had no agreements or understandings, directly or indirectly, with us or any of our affiliates or any person acting on our behalf or on behalf of any of our affiliates to distribute the securities.

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UNDERWRITING

Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. are acting as joint book-running managers of the offering and, together with William Blair & Company, L.L.C., SunTrust Robinson Humphrey, Inc., Robert W. Baird & Co. Incorporated and KeyBanc Capital Markets Inc., as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we and the selling stockholders have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	1,794,217
J.P. Morgan Securities Inc.	1,794,217
William Blair & Company, L.L.C.	690,083
SunTrust Robinson Humphrey, Inc.	690,083
Robert W. Baird & Co. Incorporated	276,033
KeyBanc Capital Markets Inc.	276,034
Total	5,520,667

The underwriting agreement provides that the obligations of the underwriters to purchase the shares of common stock included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (excluding the shares that are the subject of the underwriters option to purchase additional shares described below) if they purchase any of the shares. The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the shares to dealers at the public offering price less a concession not to exceed $0.63220 per share. The underwriters may allow, and dealers may reallow, a concession not to exceed $0.10000 per share on sales to other dealers. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.

We and the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 3,750 and 974,350 additional shares of common stock, respectively, at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment.

We, our officers and directors and the selling stockholders have agreed that, for a period of 90 days from the date of this prospectus supplement, with certain limited exceptions (including certain issuances in connection with any acquisition), we and they will not, without the prior written consent of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., offer, sell, issue or otherwise dispose of or hedge any shares of our common stock except for shares of common stock sold in this offering by us and the selling stockholders. The underwriters in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The following table shows the underwriting discounts and commissions that we and the selling stockholders are to pay in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares of common stock.

	Paid by Us		Paid by Selling Stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	$1.0536	$1.0536	$1.0536	$1.0536
Total	$22,302	$25,646	$5,794,273	$6,663,415

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Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of the shares of common stock described in this prospectus supplement and the accompanying prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the common stock that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts or

- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of the common stock described in this prospectus supplement and the accompanying prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

The sellers of the common stock have not authorized and do not authorize the making of any offer of common stock through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the common stock as contemplated in this prospectus supplement and the accompanying prospectus. Accordingly, no purchaser of the common stock, other than the underwriters, is authorized to make any further offer of the common stock on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Qualified Investors) that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This prospectus supplement and the accompanying prospectus and their contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

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Notice to Prospective Investors in France

Neither this prospectus supplement and the accompanying prospectus nor any other offering material relating to the common stock described in this prospectus supplement and the accompanying prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or by the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The common stock has not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement and the accompanying prospectus nor any other offering material relating to the common stock has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France or
- used in connection with any offer for subscription or sale of the common stock to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier* or
- to investment services providers authorized to engage in portfolio management on behalf of third parties or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the Autorité des Marchés Financiers, does not constitute a public offer (*appel public à l épargne*).

The common stock may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

We expect to deliver the shares against payment for the shares on or about the date specified in the last paragraph of the cover page of this prospectus supplement.

In connection with the offering, the underwriters may purchase and sell shares in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of shares in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the shares in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids for or purchases of shares in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters repurchase shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases. Any of these activities may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

If the underwriters commence any of these transactions, they may discontinue them at any time. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the shares. In addition, neither we nor the underwriters make any representation that the underwriters will engage in such transactions or that such transactions will not be discontinued without notice, once they are commenced.

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We estimate that our portion of the total expenses of this offering will be $431,017. We are responsible for paying expenses incurred in connection with the stock being sold by the selling stockholders as well as the stock that we are selling.

Since June 2005, Citigroup Global Markets Inc. and its affiliates have made personal loans to Robert O. Carr. The current outstanding balance of such loans is approximately $26.33 million. The loans bear interest at a market rate and are secured by shares of our common stock owned by Mr. Carr. If Mr. Carr defaults on these loans, Citigroup Global Markets Inc. and its affiliates will have the right to sell into the market pledged shares with a value equal to the unpaid amounts due under the loans.

The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. KeyBank, National Association, an affiliate of KeyBanc Capital Markets, provides sponsorship into the MasterCard and Visa associations for us for a fee, and also makes credit lines available to us and makes interchange advances to our merchants, for which we pay the prime rate. We have recently entered into a revolving credit facility under which underwriters or their affiliates will serve as administrative agent, bookrunner, lead arranger, syndication agent, documentation agent and lenders. We do not currently have any borrowings under that facility.

A prospectus supplement in electronic format may be made available on the websites maintained by one or more of the underwriters. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Heller Ehrman LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Cleary Gottlieb Steen & Hamilton LLP.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus supplement, which means we may disclose important information by referring you to other documents filed separately with the SEC. The information incorporated by reference is deemed to be a part of this prospectus supplement, except for any information superseded by other information contained in, or incorporated by reference into, this prospectus supplement.

The following documents filed by us with the SEC are hereby incorporated by reference in this prospectus supplement:

- our current reports on Form 8-K filed with the SEC on March 22, 2007 (excluding the portions of that report that were furnished rather than filed), May 4, 2007 (excluding the portions of that report that were furnished rather than filed), June 12, 2007, August 2, 2007 (excluding the portions of that report that were furnished rather than filed) and September 10, 2007;

- our annual report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC on March 9, 2007;

- our quarterly report on Form 10-Q for the three months ended March 31, 2007, filed with the SEC on May 9, 2007;

- our quarterly report on Form 10-Q for the three months ended June 30, 2007, filed with the SEC on August 8, 2007; and

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