

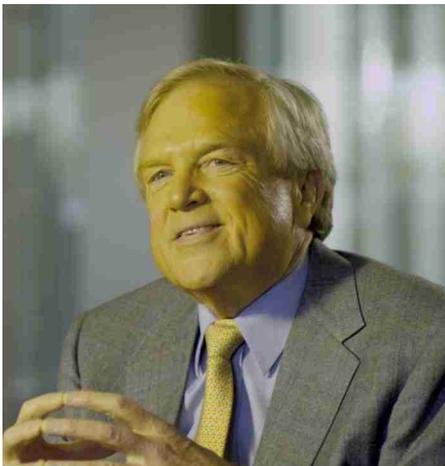


Being the Founding Supporter of The Merchant Bill of Rights, has Played a Big Role in Heartland Payment Systems' Success as the Sixth Largest Payments Processor in the United States

**Services
Business Services
(HPY-NYSE)**

Heartland Payment Systems, Inc.

**90 Nassau Street
Princeton, NJ 08542
Phone: 609-683-3831
www.heartlandpaymentsystems.com**



**Robert O. Carr
Chairman and CEO**

BIO:

Responsibilities: Strategic direction and growth of Heartland Payment Systems, one of the nation's largest payments processing companies and creator of The Merchant Bill of Rights.

Professional Background: Bob started his career at Parkland College in Champaign, IL, at the age of 21. After serving as a professor, president of the college's faculty and director of its computer center, he moved to the Bank of Illinois and then started a

software and consulting business for small and mid-sized businesses.

In 1997, Bob co-founded Heartland Payment Systems with Heartland Bank. Under his guidance, Heartland has become a FORTUNE 1000 company, climbed from #61 to #6 in the nation and #9 in the world; from 25 to 2,700 employees; from 2,500 to 250,000 client locations and from a portfolio of \$0.4 billion in bankcard volume to more than \$80 billion.

On August 11, 2005, Bob rang the bell on the floor of the New York Stock Exchange in the most oversubscribed initial public offering in the payments industry.

Bob has been a driving force in an industry collaboration movement to thwart cybercriminals — and help protect business owners, consumers, processors and financial institutions. He was active in the formation of the Payments Processor Information Sharing Council (PPISC) and served as chair of its steering committee. Bob also serves as Associate Member Director on the board of the Secure POS Vendor Alliance.

Awards and Recognition:

- The Midwest Acquirers Association's first "Lifetime Achievement Award"
- Ernst and Young's "Entrepreneur of the Year Award" (in 2004 and 2007)
- Greater Philadelphia Venture Group's "Walter M. Aikman Entrepreneur of the Year Award"
- American Business Awards' "Best Executive"
- The Eastern Technology Alliance's "Technology CEO of the Year"

- Honorary Doctorate of Humanities, Lewis University, Romeoville, IL
Community Involvement:

- Board of Trustees, Historical Society of Princeton, Princeton, NJ
- Board of Advisors, Seton Hall Business School, South Orange, NJ
- Trustee, Historic Morven, Princeton, NJ
- Advisory Board, Woodrow Wilson House, Washington DC
- Founder, Give Something Back Foundation, a nonprofit which funds academic scholarships for disadvantaged children, recognizes teaching excellence and donates to various charitable organizations

Educational Background:

- Master of Science, Computer Science, University of Illinois, Champaign-Urbana, IL
- Bachelor of Science, Mathematics, University of Illinois, Champaign-Urbana, IL

Company Profile:

Heartland Payment Systems, Inc. (NYSE: HPY), the sixth largest payments processor in the United States, delivers credit/debit/prepaid card processing, gift marketing and loyalty programs, payroll and related business solutions to more than 250,000 business locations nationwide. A FORTUNE 1000 company, Heartland is the founding supporter of The Merchant Bill of Rights, a public advocacy initiative that educates merchants about fair credit and debit card processing practices. The company is also a leader in the development of end-to-end encryption technology designed to protect cardholder data, rendering it useless to cybercriminals.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Carr, what was your vision when you founded Heartland Payment Systems?

Mr. Carr: Heartland Payment Systems opened its doors in 1997 with a simple plan – to provide fair-deal, fully disclosed payments solutions and advocacy for business owners. We achieved that goal while also becoming a company that delivers tailored solutions to all types of industries from retail and restaurant to parking and petroleum to higher education, lodging, hospitality and many more.

CEOCFO: What services are Heartland Payment Systems providing today?

Mr. Carr: While our core business is credit card, debit card and prepaid card payment processing, Heartland has expanded with value-added services such payroll processing, payments solutions, loyalty marketing, K-12 solutions, petroleum and convenience store solutions, college campus solutions, and much more. Our success and services expansion is the result of a superior, long-term customer-relationship sales model, an ongoing commitment to technological innovation, and a commitment to providing services and solutions that our customers are seeking.

CEOCFO: Would you tell us about the payment processing industry?

Mr. Carr: The payment processing industry is an extremely large industry with trillions of dollars being processed every year. Every business that accepts credit, debit and/or prepaid cards is a customer of Heartland or one of our competitors. The industry consists of some very large companies and banks, as well as a few independents like Heartland Payment Systems. There are about twelve to fifteen full service payment companies and hundreds of thousands of companies that resell services of the payment processors.

CEOCFO: What is the advantage of using Heartland Payment Systems?

Mr. Carr: The primary advantages are that we are experts in the business, we treat everyone with significant respect and fairness, and we are committed to merchants. Heartland's commitment is further defined by The Merchant Bill of Rights, which we proposed in 2006 as an industry standard for fairness, honesty and transparency in credit and debit card processing. The Merchant Bill of Rights levels the playing field for business owners. It identifies 10 essential rights — from the right to know fees paid for every transaction to having live customer support 24/7/365 — that can help merchants achieve greater success. With Heartland, merchants know where their money is going and they get support from our team of 1,700 sales and service professionals in our state-of-the-art service center in Jeffersonville, IN, and in every community across the country.

What surprised me the most over the years is how powerful it is to treat people respectfully and how much of that resonates with a certain group of business people, and especially with our employees. - Robert O. Carr

CEOCFO: How does Heartland reach customers and are there particular industries or types of businesses on which you focus?

Mr. Carr: We have a 1,000 person direct sales organization that targets successful locally owned businesses nationwide and we work with many association, bank and value added reseller partners across the country. We happen to be very strong in restaurants, hotels, convenience store operations, petroleum retailers and many more industries. Additionally, we are now the number-one processor for K-12 school lunch programs, and we have several hundred universities that use our student ID card program and other campus solutions.

CEOCFO: Do businesses tend to remain with Heartland? What is the retention rate?

Mr. Carr: We do not disclose the exact rate for competitive reasons, but analysts tell us that our retention rate

is much better than the industry averages. In addition to keeping the majority of our customers and having most of them for years, we tend to secure new owners of the business that our existing customers sell.

CEOCFO: Are there services you would like to add that you are not offering now?

Mr. Carr: Looking forward, Heartland's business will continue evolving based on the changing needs and demands of merchants and their customers, such as smartphones and cloud-based point of sale applications, two areas where we are presently investing significant time and resources. Technology is at the very core of this evolution in payments processing and other services, allowing for options never before imagined. For Heartland, remaining true to our original vision - while also understanding and harnessing technological innovation - will mean continued business growth as well as new services that will help merchants improve and grow their own businesses.

CEOCFO: What is the financial picture like today for Heartland Payment Sys-

tems?

Mr. Carr: Heartland is in an excellent financial position. We had record earnings in 2011 and we are expecting to have even better earnings this year. We have some extra cash and the board has approved a \$50 million stock buy-back program, which we are executing now. We are also looking at some additional future high quality acquisitions.

CEOCFO: What surprised you the most as Heartland has developed?

Mr. Carr: What surprised me the most over the years is how powerful it is to treat people respectfully and how much of that resonates with a certain group of business people, and especially with our employees. We have the Merchant Bill of Rights, are introducing the Sales Professional Bill of Rights, and we take great pride in treating our employees well. For example, we have a cafeteria, daycare center and fitness center in our call center, and we give our sales people,

once they are vested, equity in the accounts that they bring to us. Just that way of doing business has attracted some outstanding people to Heartland, as well as outstanding merchants. I have to say that I am surprised that other companies do not adopt some of these approaches to doing business.

CEO CFO: Is investor outreach a focus for Heartland?

Mr. Carr: We do participate in various financial conferences and meet with investors on a regular basis. Our President, Bob Baldwin, is our primary interface with the investment community. Bob is a very experienced person and has been with us for 11 years, including many years as our CFO. Bob is in constant communication with investors and I meet with many of them myself.

CEO CFO: Are there any misconceptions or areas of misunderstanding about Heartland?

Mr. Carr: Many people and organizations do not really understand Heartland's business model, or why it is so important to be transparent with customers and employees. They do not understand the benefits of it in terms of people having satisfaction with their jobs and with their business partners. I also wish more people understood the Merchants Bill of Rights. It would be good for other companies to adopt these principles of doing business and for more businesses to understand what these rights really entail.

Part of the Merchant Bill of Rights is treating people the way you want to be treated and doing things you think are fair and proper. For example, the

Durbin Amendment, part of the Dodd-Frank Wall Street Reform Act, was enacted to provide business owners financial relief from debit card processing costs. The legislation, which went into effect October 1, 2011, caps debit card interchange rates for issuing banks with more than \$10 billion in assets at 21 cents per transaction, plus one cent for issuers with an effective fraud prevention system, and 0.05 percent of the volume of transaction — a significant reduction from the average of 44 cents that merchants paid per debit card purchase before the Durbin Amendment. The savings from the amendment was intended to be given to the merchants.

In the interceding seven months, Heartland has paid more than \$120 million in these "Durbin dollars" back to our merchants. Unfortunately, the majority of our competitors are keeping these savings for their own profitability. We do not think that is the right way to do business. We just do not do business that way. We only have about 3.5% market share in the country, so based upon our market share; there is about \$6 billion that should be going back into the economy. Unfortunately, not all of that money is going to where it is supposed to go, which is through to the merchants who accept debit cards across America.

CEO CFO: How has the economy over the last couple of years and the additional government regulations affected Heartland?

Mr. Carr: It seems to me that the free enterprise market system disappointed all of us in 2008. Nobody believes in free enterprise more than I do, but when you see it being mis-

handled by some well and not so well intentioned individuals, then it is time for the government to step in. Government made some changes, many of which I think were correct, even though it did mean more regulation. Since then, these regulations have helped to a large degree. I think the Durbin Amendment was a proper regulation. Today, things are more positive and the economy is slowly coming back. While it is not coming back as fast as we would like, it is at least a steady growth rate that is good for Heartland.

CEO CFO: Why should investors pay attention to Heartland Payment Systems today?

Mr. Carr: Investors should look at Heartland because we are a unique player with extremely loyal customers in a very high-growth business area. We have a unique business model that has been very successful, and it is the most sustainable one in the industry. People who understand what they are doing are attracted to us, which bodes well for our future. In addition, we are a technologically savvy company that is on top of industry developments. We also reinvest back into the company to do research and development to create new solutions and services. We are in the right industry, at the right time, with the right business model and I feel very good about Heartland's future. Therefore, it will be a great investment for individuals who are looking for growth investment opportunities.



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