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

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): July 15, 2008

CASS INFORMATION SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

2-80070
(Commission File Number)

43-1265338
(I.R.S. Employer
Identification No.)

13001 Hollenberg Drive Bridgeton, Missouri
(Address of principal executive offices)

63044
(Zip Code)

(314) 506-5500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act.
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.
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Item 2.02. Results of Operations and Financial Condition.

On July 17, 2008, Cass Information Systems, Inc. (the "Company") issued a press release announcing its financial results for the second quarter of fiscal year 2008. A copy of this press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information reported under this Item 2.02 of Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As previously disclosed, Lawrence A. Collett announced to the Company's Board of Directors (the "Board") in February 2008 that he will retire as the Company's Chief Executive Officer, which will become effective July 20, 2008. Upon the effectiveness of Mr. Collett's retirement, Eric H. Brunngraber will begin serving as the Company's President and Chief Executive Officer and, in these positions, as the Company's principal executive officer. Mr. Brunngraber currently serves as the Company's President and Chief Operating Officer.

Mr. Collett will continue to serve as the Company's Chairman of the Board and will also serve as a consultant to the Company. On July 15, 2008, upon recommendation of the Compensation and Nominating and Corporate Governance Committees of the Board, the Company's Board approved a Memo of Understanding (the "MOU") outlining the terms of Mr. Collett's compensation arrangement for his services as Chairman of the Board and as a consultant.

Pursuant to the terms of the MOU, Mr. Collett will receive the following: (i) an annual retainer of \$150,000, payable monthly; (ii) annual stock compensation and monthly Board retainer and meeting fees under the Company's Director compensation program; (iii) reimbursement for business-related expenses, including automobile and country club membership allowances and membership dues for certain other business organizations; and (iv) retention of outstanding restricted stock, option and stock appreciation rights awards granted prior to his retirement, with the opportunity to acquire the restricted stock and exercise the options and stock appreciation rights on the vesting and exercise terms set forth in his award agreements.

In connection with his retirement, Mr. Collett will no longer participate in the Company's incentive bonus program or Profit Sharing Plan, and will not receive health and life insurance benefits.

In the event of Mr. Collett's death, his compensation received under the MOU, other than the rights relating to his outstanding restricted stock awards, stock option awards and stock appreciation rights, which will continue to be governed by the terms of his award agreements, will terminate. In the event of Mr. Collett's disability, all payments pursuant to the MOU will continue until the Board determines that Mr. Collett is unable to serve in his positions as Chairman of the Board and as a consultant.

The initial term of the MOU is three years. The Company and Mr. Collett each have the right to terminate this arrangement at any time, with or without cause, and may extend the arrangement upon mutual agreement of Mr. Collett and the Board.

The foregoing summary of the MOU is qualified in its entirety by reference to the MOU, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Also on July 15, 2008, the Board approved an increase in Mr. Brunngraber's annual salary from \$300,000 to \$350,000 in recognition of the heightened responsibilities he will have as the Company's President and Chief Executive Officer. All other elements of Mr. Brunngraber's compensation remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
10.1	Memo of Understanding between Lawrence A. Collett and Cass Information Systems, Inc.
99.1	Press Release of Cass Information Systems, Inc., issued July 17, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 17, 2008

CASS INFORMATION SYSTEMS, INC.

By: /s/ Lawrence A. Collett
Name: Lawrence A. Collett
Title: Chairman and Chief Executive Officer

By: /s/ P. Stephen Appelbaum
P. Stephen Appelbaum
Title: Chief Financial Officer

Exhibit Index

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MEMO OF UNDERSTANDING

The purpose of this memorandum is to outline the basis of the work and compensation that will be performed by Lawrence A. Collett (Chairman) after he retires as Chief Executive Officer and assumes the role of Chairman of the Board of, and consultant to, Cass Information Systems, Inc.

I. Role and Responsibilities

The Chairman's duties shall be as set forth in the description attached to this memorandum.

II. Time Commitments

It is expected that the Chairman will spend not more than one day per week engaged in the above duties or activities as requested by the Company.

This new position will begin July 20, 2008.

It is understood that this position will be for an initial three-year period, but can be extended upon the mutual agreement of the Chairman and the Board of Directors. It is recognized this understanding can be terminated at any time by either party.

III. Compensation

A. Annual Fee – For serving in the outlined capacity, the Chairman shall receive a fee of \$150,000 per year, paid monthly.

B. The Chairman shall also receive the annual stock compensation and the monthly Board of Directors retainer and monthly meeting fees. In addition he will receive fees for each loan committee meeting he attends as a member of that committee. He shall not receive a fee as an ex-officio member of other board committees.

C. He will be reimbursed for business-related expenses including but not limited to, country club membership and automobile expenses at a level equivalent to that provided during employment, and membership dues for organizations such as the Regional Business Council and CEO Council which, in the Board's opinion, are beneficial for the Company.

IV. Other Compensation Issues

A. He will not participate in the Profit Sharing Plan of the Company after 6/30/2008.

B. He will retain full interest in the stock bonus awards and stock option awards that have been provided up to the time of his retirement. These will be allowed to vest according to the original schedule and terms of the individual agreements with respect to all matters other than the terms of the individual agreements relating to the termination of Mr. Collett's employment.

V. Future Contingencies

- A. The annual fee, board fees and board stock compensation shall cease in the event of the Chairman's death.
- B. In the event of disability, all payments would continue until the Board of Directors determined that the Chairman could not serve as originally planned for the duration of the term.

Cass Information Systems, Inc.

By: /s/ Eric H. Brunngraber
Name: Eric H. Brunngraber
Title: President and Chief Operating Officer

/s/ Lawrence A. Collett
Lawrence A. Collett



July 17, 2008

Contact: Contact Kenn Entringer at Casey Communications, Inc., (314) 721-2828 kentringer@caseycomm.com

Cass Information Systems, Inc. Reports

9% Increase in 2nd Quarter Net Income

ST. LOUIS – **Cass Information Systems, Inc. (NASDAQ: CASS)**, the nation's leading provider of transportation, utility and telecom invoice payment and information services reported second quarter 2008 net income of \$4.6 million, a 9% increase over the \$4.2 million in net income reported in the second quarter of 2007. The company posted earnings of \$.48 per fully-diluted share over the period, a 7% increase over the \$.45 per fully-diluted share earned a year earlier.

2008 2nd Quarter Recap

	<u>6/30/08</u>	<u>6/30/07</u>	<u>% Change</u>
Transportation Dollar Volume	\$ 4.4 billion	\$ 3.7 billion	18%
Utility Dollar Volume	\$ 2.3 billion	\$ 1.8 billion	23%
Revenues	\$22.7 million	\$22.1 million	3%
Net Income	\$ 4.6 million	\$ 4.2 million	9%
Diluted Earnings per Share	\$.48	\$.45	7%

Payment and processing fees increased 12%, or \$1.3 million, compared to the year-earlier period. Utility transaction volume was up 15% and utility dollar volume rose 23% due to new business and heightened activity from existing customers.

Net investment income decreased \$606,000, or 6%, primarily due to the overall decline in interest rates.

Operating expenses were up 4%, or \$576,000, as a result of higher employee costs related to transaction growth. Income tax expense decreased 16%, or \$303,000, due to the change in the mix of the company's investment portfolio.

"The excellent growth in transaction volume experienced by our utility and freight invoice processing operations helped overcome the negative effects of the current low interest rate environment and enabled the company to turn in a solid quarter," said **Lawrence A. Collett**, Cass chief executive officer and chairman of the board. "The results make us optimistic about the company's ability to meet our goals in the second half of 2008."

Six-Month 2008 Recap

	6/30/08	6/30/07	% Change
Transportation Dollar Volume	\$ 8.2 billion	\$ 7.1 billion	16%
Utility Dollar Volume	\$ 4.5 billion	\$ 3.6 billion	25%
Revenues	\$44.6 million	\$43.7 million	2%
Net Income	\$ 8.6 million	\$ 8.4 million	2%
Diluted Earnings per Share	\$.91	\$.90	1%

Over the first six months of 2008, payment and processing fees increased 9%, or \$2.1 million, compared to the year-earlier period. Utility transaction volume was up a strong 14% and utility dollar volume rose 25%.

Net investment income decreased \$1,053,000, or 5%, primarily due to the overall decline in interest rates.

Operating expenses were up 5%, or \$1,603,000, as a result of higher employee costs related to transaction growth. Income tax expense decreased 21%, or \$862,000, due to the change in the mix of the company's investment portfolio.

Due to its lack of exposure to sub-prime mortgage loans, mortgage-backed securities, or residential development loans of any kind, the issues that are having a significant detrimental effect on the financial community should not affect Cass in such a manner.

About Cass Information Systems

Cass Information Systems is the leading provider of transportation, utility and telecom invoice payment and information services. The company, which has been involved in the payables services and information support business since 1956, disburses over \$24 billion annually on behalf of customers from processing centers in St. Louis, Mo., Columbus, Ohio, Boston, Mass., Greenville, S.C. and Wellington, Kansas. The support of **Cass Commercial Bank**, founded in 1906, makes Cass Information Systems unique in the industry. Cass is part of the **Russell 2000® Index** and earlier this year was one of only 27 companies to be honored with a **2008 Supplier Excellence Award** by **AT&T Inc. (NYSE:T)** for its service in utility management.

Note to Investors

Certain matters set forth in this news release may contain forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. For a discussion of certain factors that may cause such forward-looking statements to differ materially from the company's actual results, see the company's reports filed from time to time with the Securities and Exchange Commission including the company's annual report on Form 10-K for the year ended December 31, 2007.

Selected Consolidated Financial Data

The following table presents selected unaudited consolidated financial data (in thousands, except per share data) for the periods ended June 30, 2008 and 2007:

	Quarter Ended 6/30/08	Quarter Ended 6/30/07	Six Months Ended 6/30/08	Six Months Ended 6/30/07
Transportation Invoice Volume	6,765	6,026	12,737	11,683
Transportation Dollar Volume	\$4,355,522	\$3,684,047	\$8,213,095	\$7,095,441
Utility Transaction Volume	2,618	2,271	5,150	4,511
Utility Dollar Volume	\$2,257,471	\$1,832,094	\$4,493,361	\$3,606,098
Payment and Processing Fees	\$ 12,744	\$ 11,399	\$ 24,791	\$ 22,648
Net Investment Income	9,414	10,020	18,727	19,780
Other	560	652	1,124	1,266
Total Revenues	<u>\$ 22,718</u>	<u>\$ 22,071</u>	<u>\$ 44,642</u>	<u>\$ 43,694</u>
Salaries and Benefits	\$ 12,496	\$ 11,896	\$ 24,933	\$ 23,435
Occupancy	560	532	1,100	1,022
Equipment	872	877	1,696	1,689
Other	2,580	2,627	5,139	5,119
Total Operating Expenses	<u>\$ 16,508</u>	<u>\$ 15,932</u>	<u>\$ 32,868</u>	<u>\$ 31,265</u>
Income from Operations before Income Taxes	\$ 6,210	\$ 6,139	\$ 11,774	\$ 12,429
Provision for Income Taxes	1,644	1,947	3,189	4,051
Net Income	<u>\$ 4,566</u>	<u>\$ 4,192</u>	<u>\$ 8,585</u>	<u>\$ 8,378</u>
Basic Earnings per Share	<u>\$.50</u>	<u>\$.46</u>	<u>\$.94</u>	<u>\$.91</u>
Diluted Earnings per Share	<u>\$.48</u>	<u>\$.45</u>	<u>\$.91</u>	<u>\$.90</u>
Average Earning Assets	\$ 803,611	\$ 789,525	\$ 801,903	\$ 784,601
Net Interest Margin	5.59%	5.51%	5.48%	5.49%
Allowance for Loan Losses to Loans	1.07%	1.31%	1.07%	1.31%
Non-performing Loans to Total Loans	.57%	.55%	.57%	.55%
Net Loan Charge-offs to Loans	.14%	.04%	.23%	.04%
Provision for Loan Losses	\$ 650	\$ 225	\$ 1,100	\$ 450