EURONET WORLDWIDE INC
Form POS AM
March 24, 2005
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**As filed with the Securities and Exchange Commission on March 24, 2005**

**Registration No. 333-122297**

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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, DC 20549**

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# POST-EFFECTIVE AMENDMENT NO. 1

# TO

# FORM S-3

# REGISTRATION STATEMENT

***UNDER***

***THE SECURITIES ACT OF 1933***

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# EURONET WORLDWIDE, INC.

**(Exact name of registrant as specified in its charter)**

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| | |
|---|---|
| **Delaware** | **74-2806888** |
| **(State or other jurisdiction of incorporation)** | **(I.R.S. Employer Identification No.)** |

**4601 College Boulevard, Suite 300**

**Leawood, Kansas 66211**

**(913) 327-4200**

**(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)**

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**Daniel R. Henry**

**Chief Operating Officer and President**

**Euronet Worldwide, Inc.**

**4601 College Boulevard, Suite 300**

**Leawood, Kansas 66211**

**(913) 327-4200**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

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***Copies to:***

**Jeffrey B. Newman**

**Executive Vice President and General Counsel**

**Euronet Worldwide, Inc.**

**2nd Floor, Kelting House**

**Southernhay, Basildon**

**Essex SS14 1NU**

**United Kingdom**

**John A. Granda, Esq.**

**Stinson Morrison Hecker LLP**

**2600 Grand Blvd.**

**Kansas City, Missouri 64108**

**(816) 691-2600**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

**The registrant hereby amends this registration statement on such date or dates may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**SUBJECT TO COMPLETION, DATED MARCH 24, 2005**

**PROSPECTUS**

# $140,000,000

# Euronet Worldwide, Inc.

## 1.625% Convertible Senior Debentures Due 2024

## Common Stock Issuable upon Conversion of the Debentures

We issued and sold $140,000,000 aggregate principal amount of 1.625% Convertible Senior Debentures Due 2024 in a private offering on December 15, 2004. This prospectus may be used by selling security holders to sell the Debentures and common stock issuable upon conversion of the Debentures. The shares of common stock include preferred stock purchase rights attached to the common stock under our stockholder rights plan. We will not receive any proceeds from the offering of these securities by the selling security holders. The Debentures are our senior unsecured obligations and will rank equally in right of payment with all of our other existing and future senior unsecured debt. The Debentures will be effectively subordinated to all of our existing and future secured debt and to the indebtedness and other liabilities of our subsidiaries.

The Debentures bear interest at a rate of 1.625% per annum. We will pay interest on the Debentures on June 15 and December 15 of each year, beginning June 15, 2005. Beginning with the period commencing on December 20, 2009 and ending on June 14, 2010, and for each of the six-month periods thereafter commencing on June 15, 2010, we will pay contingent interest during the applicable interest period if the average trading price of a Debenture during a five trading-day period preceding such applicable interest period equals or exceeds 120% of the principal amount of the Debentures. The contingent interest payable per Debenture in respect of any applicable interest period will equal 0.30% per annum of the average trading price of a Debenture for such five trading-day period. The Debentures will mature on December 15, 2024.

The Debentures will be convertible at your option into shares of our common stock, par value $0.02 per share, if: (1) the price of our common stock reaches a specified threshold, (2) subject to certain limitations, the trading price for the Debentures falls below certain thresholds, (3) we have called your Debentures for redemption or (4) specified corporate transactions occur. Upon conversion, we will have the right to deliver, in lieu of our common stock, cash or a combination of cash and shares of our common stock. Subject to the above conditions, each $1,000 principal amount of Debentures will be convertible into 29.7392 shares (equivalent to an initial conversion price of approximately $33.63 per share of common stock), subject to adjustment as described in this prospectus. If a change of control (as defined in this prospectus) occurs on or prior to December 15, 2009, we will increase the conversion rate by a number of additional shares of common stock or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the Debentures are convertible into shares of the acquiring or surviving company, in each case as described in this prospectus. Shares of our common stock are traded on the Nasdaq National Market under the symbol EEFT. The last reported bid price of our common stock on March 22, 2005 was $26.05 per share.

We may redeem some or all of the Debentures for cash at any time on or after December 20, 2009 at 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any. You may require us to repurchase all or a portion of your Debentures on December 15, 2009, 2014 and 2019, at a price equal to the principal amount of the Debentures to be repurchased, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, to the repurchase date.

You may require us to repurchase all or a portion of your Debentures upon the occurrence of a change of control (as defined in this prospectus).

We do not intend to apply for listing of the Debentures on any securities exchange or for inclusion of the Debentures in any automated quotation system. The Debentures are expected to be eligible for trading in the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) system of the National Association of Securities Dealers, Inc.

**Investing in the Debentures involves risks. See Risk Factors beginning on page 9.**

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**Neither the Securities and Exchange Commission nor any other regulatory body 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.**

**The date of this prospectus is March __, 2005.**

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This prospectus is part of a resale registration statement that we have filed with the Securities and Exchange Commission using a shelf registration process. Under this prospectus, as it may be amended or supplemented from time to time, the selling security holders may sell some or all of the securities described in this prospectus in one or more transactions from time to time.

You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus and any prospectus supplement, as well as the information we file with the Securities and Exchange Commission and incorporate by reference in this prospectus or any prospectus supplement, is accurate only as of the date of the documents containing the information. The securities covered by this prospectus are not offered in any jurisdiction where offers to sell, or solicitations of offers to purchase, such securities are unlawful.

Unless the context otherwise requires, the terms Euronet Worldwide, Inc., Company, Euronet, we, us, and our refer only to Euronet Worl Inc. and not our subsidiaries, except that, for purposes of the information under Our Business and Summary of Historical Consolidated Financial Data below and Risk Factors Risks Related to Our Business, the terms Euronet Worldwide, Inc., Company, we, us, and our refer to Eu Worldwide, Inc. and its subsidiaries unless the context otherwise requires. Investors should be aware that Euronet Worldwide, Inc. s subsidiaries will not guarantee the Debentures. Unless otherwise indicated, all information contained herein assumes no exercise of the initial purchaser s option to purchase additional Debentures.

**FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated herein by reference may contain forward-looking statements, including, but not limited to, statements of plans and objectives, statements of future economic performance and statements of assumptions underlying such statements, and statements of the Company s or management s intentions, hopes, beliefs, expectations or predictions of the future. You can often identify forward-looking statements by the use of forward-looking terminology, such as could, should, will, will be, intended, continue, believe, hope, anticipate, goal, forecast, plan, estimate or variations thereof. In particular, forward-looking statements include, but are not limited statements relating to the following:

trends affecting our business plans and financing plans and requirements;

trends affecting our business;

the adequacy of capital to meet our capital requirements and expansion plans;

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- the assumptions underlying our business plans;
- business strategy;
- government regulatory action;
- technological advances; and
- projected costs and revenues.

Forward-looking statements are not guarantees of future performance or results. Forward-looking statements are based on estimates, forecasts and assumptions involving risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements. The uncertainties, risks and assumptions referred to above include, but are not limited to, the following:

- technological and business developments in the local card, electronic and mobile banking and mobile phone markets affecting transaction and other fees that we are able to charge for our services;
- foreign exchange fluctuations;
- competition from bank-owned ATM networks, outsource providers of ATM services, software providers and providers of outsourced mobile phone prepaid services;
- our relationships with our major customers, sponsor banks in various markets and international card organizations, including the risk of contract terminations with major customers;
- changes in law and regulations affecting our business;
- our ability to effectively compete for market share and generate growth;
- retention of key executives and personnel;
- the collectibility of receivables and adequacy of our allowance for credit losses;
- general economic, financial and market conditions and the duration and extent of any future economic downturns;
- the cost of borrowing, availability of credit and terms of and compliance with debt covenants;

- renewal of sources of funding as they expire and the availability of replacement funding;
- the outlook for markets we serve; and
- the other risks and uncertainties as are described under Risk Factors in this prospectus or Factors Affecting Future Performance in our public filings with the Securities and Exchange Commission.

All of our forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this prospectus.

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## SUMMARY

*The following summary is not intended to be a complete description of the matters covered in this prospectus and is subject to and qualified in its entirety by the more detailed information and historical consolidated financial statements, including the notes to those financial statements, appearing elsewhere or incorporated by reference in this prospectus. Investors should carefully consider the information set forth under Risk Factors.*

### Business Summary

Euronet Worldwide, Inc. is a leading provider of secure electronic financial transaction solutions. In our EFT Division, we process transactions for a network of approximately 5,700 automated teller machines ( ATMs ) across Europe and provide financial transaction processing services, network gateways, and ATM operation outsourcing services to financial institutions, retailers and mobile phone operators. Through our Prepaid Processing Division, we provide prepaid processing, or top-up services, for prepaid mobile airtime and other prepaid products. We operate a network of more than 175,000 point of sale ( POS ) terminals providing electronic processing of prepaid mobile phone airtime top-up services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Spain, Malaysia and Indonesia. Our Software Solutions Division offers a suite of integrated electronic financial transaction (EFT) software solutions for electronic payment and transaction delivery systems.

Our solutions are used in more than 60 countries around the world. As of December 31, 2004, we had 12 principal offices in Europe, two in the United States and one each in India, Indonesia, Egypt, Australia and New Zealand. Our headquarters office is in Leawood, Kansas.

**EFT Processing Segment**

Our EFT Processing Segment provides services to banks and mobile phone companies primarily in the developing markets of Central and Southern Europe (Hungary, Poland, Czech Republic, Croatia, Romania, Slovakia, Serbia and Greece), Egypt, Indonesia and India, as well as in the developed countries of Western Europe (Germany and the U.K.). In most of these markets, we own small networks of ATMs and accept cards of our client banks or international logo d cards on those ATMs. We also increasingly provide ATM operation services under outsourcing agreements with banks in a number of markets, and in the U.K., to an independent operator of ATMs.

*Transactions on Own Networks of ATMs*

Our agreements with banks and international card organizations generally provide that all credit and debit cards issued by the customer bank or organization may be used at all ATM machines we operate in a given market. In many markets, we have agreements with a bank under which we are designated as a service provider (which we refer to as sponsorship agreements ) for the acceptance of cards bearing international logos, such as Visa and MasterCard. These card acceptance or sponsorship agreements allow us to receive transaction authorization directly from the card issuing bank or international card organization. Our agreements generally provide for a term of three to seven years and are automatically renewed unless either party gives notice of non-renewal prior to the termination date. In some cases, the agreements are terminable by either party upon six months notice. We are generally able to connect a bank to our network within 30 to 90 days of signing a card acceptance agreement. Generally, the bank provides the cash needed to complete transactions on the ATM, although we have contracted for cash supply with a cash supply bank in the Czech Republic.

The ATM transaction fees we charge under our card acceptance agreements vary depending on the type of transaction (which are currently cash withdrawals, balance inquiries, GSM airtime recharge purchases, deposits and transactions not completed because authorization is not given by the relevant card issuer) and the number of transactions attributable to a particular card issuer. The fees we charge to the card issuers are independent of any fees charged by the card issuers to cardholders in connection with the ATM transactions.

We have processing centers for EFT processing in Budapest, Hungary, Mumbai, India and Jakarta, Indonesia. Our operations centers use our own proprietary software, the Integrated Transaction Management System. The ATMs in our networks are able to process transactions for holders of credit and debit cards issued by or bearing

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the logos of banks and international card organizations such as American Express, Diners Club International, Visa, MasterCard and Europay.

*ATM Outsourcing*

We offer complete outsourced management services to banks and other organizations using our processing centers full suite of secure electronic financial transaction processing software. Our outsourced management services include management of an existing bank network of ATMs, development of new ATM networks on a complete turn-key basis (as we have done for Citibank in Greece), management of POS networks, management of charge and debit card databases and other financial processing services. These services include 24-hour monitoring from our processing centers of each individual ATM s status and cash condition, coordinating the cash delivery and management of cash levels in the ATM and automatic dispatch for necessary service calls. They also include real-time transaction authorization, advanced monitoring, network gateway access, network switching, 24-hour customer services, maintenance services, settlement and reporting.

Our outsourced management agreements, other than in Germany, provide for fixed monthly management fees in addition to fees payable for each transaction. Therefore, the transaction fees under these agreements are generally lower than under card acceptance agreements. The fees payable under our outsourced management agreement in Germany are purely transaction based and include no fixed component.

*Other Products and Services*

Our network constitutes a distribution network through which financial and other products or services may be sold at a low incremental cost. We have developed value-added services in addition to basic cash withdrawal and balance inquiry transactions. These new services include bill payment, mini-statement and recharge (purchasing prepaid airtime from ATMs and mobile phone devices) transactions. We are committed to the ongoing development of innovative new products and services to offer our processing services customers and will implement additional services as markets develop.

**Prepaid Processing Division**

Our Prepaid Processing Division provides networks for electronic distribution of prepaid mobile phone time to mobile operators, through the maintenance of processing centers that are connected to POS terminals or cash register systems at retail outlets. Our principal Prepaid Processing operations are in the U.K., Germany, Australia, the U.S., New Zealand, Poland and Spain. We have expanded this division principally through acquisitions and are continuing to seek acquisition opportunities in many markets.

Customers using mobile phones pay for their usage in two ways: through postpaid accounts where usage is billed at the end of each billing period, and through prepaid accounts where customers must pay in advance by crediting their accounts prior to usage. Although operators in the United States and certain European countries have provided service principally through postpaid accounts, the trend in Europe has shifted toward prepaid accounts because mobile operators of those accounts do not take the credit risk with respect to payment for airtime usage. In many developing markets, the majority of mobile phones are prepaid. Currently two principal methods are available to credit prepaid accounts (referred to as top-up of accounts). The first is through the purchase of scratch cards bearing code numbers, that, when entered into a customer s mobile phone account, credit the account by a certain value of airtime. Scratch cards are sold predominantly through retail outlets. The second is through various electronic means of crediting accounts using POS terminals. Electronic top-up or e-top-up methods have several advantages over scratch cards, primarily because electronic methods do not require the creation, distribution and management of a physical inventory of cards. Currently scratch cards are the predominant method of crediting mobile phone accounts in many developed markets, but a shift is occurring in such markets away from usage of scratch cards to the usage of electronic top-up methods.

In a typical POS top-up transaction in the UK, a consumer in a retail shop will use an electronic card issued by the mobile phone operator to identify the consumer s mobile phone number. The consumer uses this card with a specially programmed POS terminal in the shop that is connected to our network. The consumer will make a payment of

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a defined amount to the retailer (in cash or by adding to the amount to a bank card transaction for other services). Using the electronic connection we maintain with the mobile operator, the retailer will use the POS terminal to credit the purchased amount of airtime directly to the account of the consumer. We receive a commission on each transaction that is withheld from the payments made, and we share that commission with the retailers.

In a typical POS top-up transaction in markets other than the U.K., we top-up the consumer s account by issuing a voucher from the POS terminal. The voucher includes PIN numbers used to access the mobile phone time. Depending upon market practices, we purchase such vouchers either from the mobile operators directly or from wholesalers of PINs. The retailers settle the transaction by paying us the amount received from the consumer, and we pay that amount to the mobile phone operators. We receive a commission on each transaction that is withheld from the payments made, and we share that commission with the retailers.

Our agreements with major retailers for the POS business typically have two-year terms. These agreements include terms regarding the connection of our networks to the respective retailer s registers or payment terminals or the maintenance of POS terminals, and obligations concerning settlement and liability for transactions processed. Our agreements with individual or small retailers regarding the installation and operation of the POS terminals are short-term agreements, typically with terms of two years, but with the ability of either party to terminate the agreement upon three months notice and include provisions similar to those with major retailers.

*Software Solutions Division*

Through our subsidiary Euronet USA, we offer an integrated suite of card and retail transaction delivery applications for the IBM i-Series (formerly AS/400) platform and some applications on NT server environments. The core system of this product, called Integrated Transaction Management (ITM), provides for transaction identification, transaction routing, security, transaction detail logging, network connections, authorization interfaces and settlement. Front-end systems in this product support ATM and POS management, telephone banking, Internet banking, mobile banking and event messaging. These systems provide a comprehensive solution for ATM, debit or credit card management and bill payment facilities. We also offer increased functionality to authorize, switch and settle transactions for multiple banks through our GoldNet module. We use GoldNet for our own EFT requirements, processing transactions across ten countries in Europe.

Although our Software Solutions Segment is headquartered in the United States, approximately 75% of our software customers are international and in particular in developing markets. This distribution is largely because our core software product is a relatively small and inexpensive package that is appropriate for banks with smaller transaction processing needs. Euronet Software is the preferred transaction-processing software for banks that operate their back office software using the IBM iSeries platform, which is also a relatively inexpensive, expandable hardware platform.

Software Solutions Segment revenue is derived from three main sources: software license fees, professional service fees and software maintenance fees. Software license fees are the initial fees we charge for the licensing of our proprietary application software to customers. We charge professional service fees for customization, installation and consulting services provided to customers. Software maintenance fees are the ongoing fees we charge to customers for the maintenance of the software products.

**The Offering**

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| Selling Security Holders | The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders. See Selling Security Holders . |
| Securities Offered | $140,000,000 aggregate principal amount of 1.625% Convertible Senior Debentures Due 2024. |
| Maturity Date | The Debentures will mature on December 15, 2024, unless earlier converted, redeemed or repurchased. |
| Ranking | The Debentures are our general unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations and senior in right of payment to all of our future subordinated indebtedness. The Debentures are effectively subordinated to any of our existing and future secured indebtedness, including indebtedness under our credit facilities with respect to any collateral securing such indebtedness. At December 31, 2004, the senior unsecured indebtedness of Euronet Worldwide, Inc. on an unconsolidated basis totaled approximately $142.9 indebtedness (including indebtedness under our credit facilities) totaled approximately $21.3 million. The Debentures are not be guaranteed by any of our subsidiaries and, accordingly, the Debentures are effectively subordinated to the indebtedness and other liabilities of our subsidiaries, including trade creditors. As of December 31, 2004, our subsidiaries had liabilities of approximately $340.7 million, excluding intercompany indebtedness. Neither we nor our subsidiaries are restricted under the indenture from incurring additional secured indebtedness or other additional indebtedness. |
| Interest | The Debentures will bear interest at a rate of 1.625% per year. We will pay interest on the Debentures on June 15 and December 15 of each year, beginning June 15, 2005. Liquidated damages are payable if we fail to comply with certain obligations under the registration rights agreement as set forth below under Description of the Debentures Registration Rights. |
| Contingent Interest | We will pay contingent interest to the holders of Debentures, commencing with the period beginning December 20, 2009 to June 14, 2010 and for any six-month period from June 15 to December 14 and December 15 to June 14 thereafter, if the average trading price of a Debenture for the five trading days ending on the second trading day immediately preceding the relevant contingent interest period equals or exceeds 120% of the principal amount of the Debentures. The amount of contingent interest payable per Debenture in respect of any contingent interest period will equal 0.30% per annum calculated on the average trading price of a Debenture for the five trading-day period referred to above. Such payments will be paid on the interest payment date immediately following the last day of the relevant contingent interest period. |

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| Conversion Rights | Holders may convert their Debentures at any time prior to stated maturity, at their option, only under the following circumstances: |
| | during any fiscal quarter commencing after December 31, 2004 (and only during such fiscal quarter), if the closing price of our common stock for at least 20 trading days in the 30 trading-day period ending on the last trading day of the preceding fiscal quarter was 130% or more of the conversion price of the Debentures on that 30th trading day; |
| | during the five business day period after any five consecutive trading day period (the measurement period ) in which the trading price per Debenture (as defined under Description of the Debentures Conversion Rights ) for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the conversion rate for the Debentures; provided, however, holders may not convert their Debentures in reliance on this provision after December 15, 2019 if on any trading day during such measurement period the closing price of shares of our common stock was between 100% and 130% of the conversion price of the Debentures; |
| | we have called your Debentures for redemption; or |
| | upon the occurrence of specified corporate transactions described under Description of the Debentures-Conversion Rights. |
| | For each $1,000 principal amount of Debentures surrendered for conversion, a holder will receive 29.7392 shares, equal to an initial conversion price of approximately $33.63, subject to adjustment as set forth in Description of the Debentures Conversion Rights Conversion Rate Adjustments. |
| | Upon conversion, holders will not receive any cash payment representing accrued interest, including contingent interest, if any. Instead, any such amounts will be deemed paid by the common stock or cash received by holders on conversion. You will, however, receive any accrued and unpaid liquidated damages to the conversion date. |
| | Upon conversion, we will have the right to deliver, in lieu of our common stock, cash or a combination of cash and shares of our common stock. |

If you elect to convert your Debentures in connection with a change of control that occurs on or prior to December 15, 2009, we will increase the conversion rate by a number of additional shares of common stock upon conversion or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the Debentures are convertible into shares of the acquiring or surviving company, in each case as described under Description of Debentures Conversion Rights Adjustment to Conversion Rate upon a Change of Control.

Debentures called for redemption may be surrendered for conversion until the close of business on the business day prior to the redemption date.

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| | Due to new accounting rules, shares issuable upon conversion of convertible debt instruments with contingent conversion provisions such as the Debentures must be included in computations of diluted earnings per share regardless of whether the contingent conversion triggers have been achieved. As a result, assuming the initial purchaser does not exercise its option to purchase additional Debentures and assuming we do not irrevocably elect to pay principal on the Debentures in cash (as further described in Description of the Debentures Conversion Rights Payment Upon Conversion-Conversion after Irrevocable Election to Pay Principal in Cash ), an additional 4,163,488 shares of our common stock, representing approximately 11.2% of our common stock outstanding on the date of this prospectus, will be included in our future calculations of diluted earnings per share beginning with the first quarter of 2005. |
| Payment at Maturity | Each holder of $1,000 principal amount of the Debentures shall be entitled to receive $1,000 at maturity, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any. |
| Sinking Fund | None. |
| Optional Redemption by Us | We may redeem some or all of the Debentures for cash at any time on or after December 20, 2009 at 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any. See Description of the Debentures Optional Redemption by Us. |
| Repurchase of Debentures by Us at the Option of the Holder | Holders of Debentures may require us to repurchase all or a portion of their Debentures on December 15, 2009, December 15, 2014 and December 15, 2019 at 100% of their principal amount plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, to but excluding the repurchase date. |
| Repurchase of Debentures by Us at the Option of the Holder upon a Change of Control | Upon a change of control (as defined under Description of the Debentures-Repurchase of the Debentures at the Option of the Holders Upon a Change of Control ) involving us, you may require us to repurchase all or a portion of your Debentures. We will pay a change of control repurchase price equal to the principal amount of such Debentures plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, to but excluding the change of control repurchase date. |
| United States Federal Income Tax Considerations | We and each holder of the Debentures agree to treat the Debentures as contingent payment debt instruments for U.S. federal income tax purposes, and as subject to U.S. federal income tax rules applicable to contingent payment debt instruments. Based on that treatment, you generally will be required to accrue interest income on the Debentures in the manner described in this prospectus, regardless or whether you use the cash or accrual method of tax accounting. You will be required, in general, to include interest in income based on the rate at which we would issue a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Debentures, which rate will be substantially in excess of the stated interest on the Debentures. Accordingly, you will be required to include amounts in taxable income substantially |

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| | in excess of the stated interest on the Debentures. Furthermore, upon a sale, repurchase by us at your option, exchange, conversion or redemption of the Debentures, you will be required to recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the Debentures. The amount realized by you will include the fair market value of any common stock you receive. Any gain on a sale, repurchase by us at your option, exchange, conversion or redemption of the Debentures will be treated as ordinary interest income rather than as capital gain (or capital loss). You should consult your tax advisers as to the U.S. federal, state, local or other tax consequences, as well as any foreign tax consequences, of acquiring, owning and disposing of the Debentures. See Certain United States Federal Income Tax Considerations in this prospectus. |
| Use of Proceeds | The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders. We will not receive any proceeds from the sale by the selling security holders of Debentures or shares of our common stock issued upon conversion thereof that are offered pursuant to this prospectus. |
| Form, Denomination and Registration | The Debentures will be issued in fully registered form. The Debentures will be issued in denominations of $1,000 principal amount and integral multiples thereof. The Debentures may be sold only to qualified institutional buyers, as defined in Rule 144A, and will be represented by one or more global Debentures, deposited with the trustee as custodian for The Depository Trust Company and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the global Debentures will be shown on, and any transfers will be effected only through, records maintained by DTC and its participants. See Description of the Debentures-Form, Denomination and Registration. |
| Absence of a Public Market for the Debentures | The Debentures are new securities for which there is currently no public market. We cannot assure you that any active or liquid market will develop for the Debentures. See Plan of Distribution. |
| Trading | We do not intend to list the Debentures on any national securities exchange. The Debentures, however, are expected to be eligible for designation on the PORTAL market. |

**Risk Factors**

You should read the Risk Factors section, beginning on page 9 of this prospectus, to understand the risks associated with an investment in the Debentures.

**Our Address**

Our principal executive offices are located at 4601 College Boulevard, Suite 300, Leawood, KS 66211. Our telephone number is (913) 327-4200. Our corporate website is euronetworldwide.com. The information on our website does not constitute part of this prospectus.

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**Summary of Historical Consolidated Financial Data**

The summary of historical consolidated financial data set forth below for each of the years in the five-year period ended December 31, 2004 are derived from our audited consolidated financial statements for the periods indicated which have been included in our Annual Report on Form 10-K for each respective period. Results for past periods are necessarily indicative of results that may be expected for any future period. The summary of historical consolidated financial data should be read in conjunction with the consolidated financial statements and accompanying note disclosures in our Annual Report on Form 10-K for each respective period. Our historical results of operations include the results of various acquired entities from their date of acquisition.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| | (in thousands, except for per share amounts and summary network data) | | | | |
| **Consolidated Statement of Operations** | | | | | |
| Revenues | | | | | |
| EFT processing segment | $ 77,600 | $ 52,752 | $ 53,918 | $ 45,941 | $ 34,201 |
| Prepaid processing segment | 289,810 | 136,185 | | | |
| Total revenues | 381,080 | 204,407 | 71,048 | 60,983 | 50,028 |
| Operating income (loss) | 35,304 | 13,317 | (419) | (6,050) | (35,455) |
| Gain on sale of U.K. subsidiary | | 18,045 | | | |
| Comprehensive income (loss) | 22,623 | 14,660 | (5,745) | 264 | (49,551) |
| Comprehensive income per share | 0.59 | 0.45 | (0.28) | 0.03 | (3.00) |
| **Consolidated Balance Sheet Data:** | | | | | |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 124,198 | $ 19,245 | $ 12,021 | $ 8,820 | $ 6,760 |
| Restricted cash | 69,300 | 58,280 | 4,401 | 1,877 | 2,103 |
| Trade accounts receivable, net | 110,306 | 75,648 | 8,380 | 8,862 | 9,199 |
| Total current assets | 344,766 | 167,044 | 39,866 | 34,694 | 29,099 |
| Goodwill | 183,668 | 88,512 | 1,834 | 1,551 | 2,060 |
| Total Assets | $ 618,475 | $ 303,773 | $ 66,559 | $ 61,391 | $ 60,890 |
| **Liabilities and stockholders equity** | | | | | |
| Total current liabilities | $ 293,183 | $ 151,926 | $ 19,769 | $ 24,753 | $ 20,756 |
| Notes payable | 140,000 | 55,792 | 36,318 | 38,146 | 77,191 |
| Total liabilities | 476,561 | 221,904 | 60,388 | 69,078 | 105,691 |
| Total stockholder s equity (deficit) | 141,914 | 81,869 | 6,171 | (7,687) | (44,801) |
| Total liabilities and stockholder s equity (deficit) | $ 618,475 | $ 303,773 | $ 66,559 | $ 61,391 | $ 60,890 |
| **Summary network data:** | | | | | |
| Number of operational ATMS at end of period | 5,742 | 3,350 | 3,005 | 2,400 | 2,081 |
| ATM processing transactions during the period | 232,497,000 | 114,711,440 | 79,193,580 | 57,185,231 | 43,531,830 |
| Number of operational prepaid processing terminals at end of period | 175,318 | 126,284 | | | |
| Prepaid processing transactions during the period | 228,642,000 | 102,133,511 | | | |

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## RISK FACTORS

*You should carefully consider the risks described below before making an investment decision. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.*

*If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of the Debentures and our common stock could decline substantially.*

*This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below and elsewhere in this prospectus.*

### Risks Related to Our Business

**We have a substantial amount of debt and other contractual commitments, and the cost of servicing those obligations could adversely affect our business and hinder our ability to make payments on the Debentures, and such risk could increase if we incur more debt.**

We have a substantial amount of indebtedness. As of December 31, 2004, our total liabilities were approximately $476.6 million (including $140 million of indebtedness) and our total assets were approximately $618.5 million. A substantial portion of this indebtedness was incurred in connection with recent strategic acquisitions by us. In addition, we paid approximately $16 million as deferred consideration in connection with the CPI and the Meflur acquisitions. We may also be required to pay certain additional contingent amounts, currently estimated to be between $22 million to $42 million in connection with these and other acquisitions, if certain acquired businesses meet their financial and other performance targets. A portion of these obligations may be paid in stock. While we expect to satisfy such obligations from available cash and operating cash flows, we may not have sufficient funds to satisfy all such obligations as a result of a variety of factors, some of which may be beyond our control. If the opportunity of a strategic acquisition arises or if we enter into new contracts that require the installation or servicing of ATM machines on a faster pace than anticipated, we may be required to incur additional debt for these purposes and to fund our working capital needs, which we may not be able to obtain.

The level of our indebtedness could have important consequences to investors, including the following:

- our ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements or other purposes may be limited or financing may be unavailable;
- a substantial portion of our cash flows must be dedicated to the payment of principal and interest on our indebtedness and other obligations and will not be available for use in our business;

our level of indebtedness could limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;

our high degree of indebtedness will make us more vulnerable to changes in general economic conditions and/or a downturn in our business, thereby making it more difficult for us to satisfy our obligations; and

because a portion of our indebtedness and other obligations are denominated in other currencies, and because a portion of our debt bears interest at a variable rate of interest, our actual debt service obligations could increase as a result of adverse changes in currency exchange and interest rates.

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If we fail to make required debt payments, or if we fail to comply with other covenants in our debt service agreements, we would be in default under the terms of these agreements. This would permit the holders of the indebtedness to accelerate repayment of this debt and could cause defaults under other indebtedness that we have.

**Although we have reported net income in recent periods, our concentration on expansion of our business in the future may significantly impact our ability to continue to report net income.**

During the period from January 1, 2000 through December 31, 2002, we reported a net loss in each of these fiscal years, primarily attributable to our investments for the expansion of our business. We believe these investments have recently started to produce positive results for us, as evidenced by our reporting of net income of approximately $22.6 million and $14.7 million for the years ended December 31, 2004 and 2003, respectively. We may experience operating losses again in the future while we continue to concentrate on expansion of our business and increasing our market share.

**Restrictive covenants in our credit facilities may adversely affect us.**

Our credit facilities contain a variety of restrictive covenants that limit our ability to incur debt, make investments, pay dividends and sell assets. In addition, these facilities require us to maintain specified financial ratios, including Debt to EBITDA and EBITDAR to fixed charges, and satisfy other financial condition tests, including a minimum EBITDA test. See Description of Credit Facility. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests. A breach of any of these covenants could result in a default under our credit facilities. Upon the occurrence of an event of default under our credit facilities, the lenders could elect to declare all amounts outstanding under the credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged a substantial portion of our assets as security under the credit facilities. If the lenders under either credit facility accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our credit facilities and our other indebtedness, including the notes.

The Debt to EBITDA ratio contained in the credit facilities limits our funded debt to not more than two times our EBITDA for the last four quarters, in each case as defined in the credit facilities. EBITDA includes the historical pro-forma effect of any acquisitions to the extent agreed to by the lenders. Funded debt is defined as certain debt minus proceeds of this offering so long as such proceeds are deposited in designated accounts. We will deposit a substantial portion of the proceeds into such accounts in order to comply with such covenant. Following this offering, we will only be able to utilize the proceeds of this offering or incur additional debt to the extent that, after giving effect to such utilization, our debt (less the remaining amount of proceeds in such account) is less than two times our EBITDA, including historical pro forma effect of any acquisitions. Accordingly, our ability to use the proceeds of this offering or incur additional debt for purposes other than debt repayment or for acquisitions that increase our EBITDA , will be limited until such time as our EBITDA increases.

**Our business may suffer from risks related to our recent acquisitions and potential future acquisitions.**

A substantial portion of our recent growth is due to acquisitions, and we continue to evaluate potential acquisition opportunities. We cannot assure you that we will be able to successfully integrate, or otherwise realize anticipated benefits from, our recent acquisitions, including the e-pay, transact, Precept, EPS, CPI, AIM and Movilcarga, or any future acquisitions, which could adversely impact our long-term competitiveness and profitability. The integration of our recent acquisitions and any future acquisitions will involve a number of risks that could harm our financial condition, results of operations and competitive position. In particular:

the integration plan for our acquisitions assumes benefits based on analyses that involve assumptions as to future events, including leveraging our existing relationships with mobile phone operators and retailers, as well as general business and industry conditions, many of which are beyond our control and may not materialize. Unforeseen factors may offset components of our integration plan in whole or in part. As a result, our actual results may vary considerably, or be considerably delayed, compared to our estimates;

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- the integration process could disrupt the activities of the businesses that are being combined. The combination of companies requires, among other things, coordination of administrative and other functions. In addition, the loss of key employees, customers or vendors of acquired businesses could materially and adversely impact the integration of the acquired business;
- the execution of our integration plans may divert the attention of our management from operating our business; or
- we may assume unanticipated liabilities and contingencies.

Future acquisitions may be affected through the issuance of our common stock, or securities convertible into our common stock, which could substantially dilute the ownership percentage of our current stockholders. In addition, shares issued in connection with future acquisitions could be publicly tradable, which could result in a material decrease in the market price of our common stock.

**A lack of business opportunities or financial resources may impede our ability to continue to expand at desired levels, and our failure to expand operations could have an adverse impact on our financial condition.**

Our expansion plans and opportunities are focused on three separate areas: (i) our network of owned and operated ATMs; (ii) outsourced ATM management contracts; and (iii) our prepaid mobile phone airtime services.

The continued expansion and development of our ATM business will depend on various factors including the following:

- the demand for our ATM services in our current target markets;
- the ability to locate appropriate ATM sites and obtain necessary approvals for the installation of ATMs;
- the ability to install ATMs in an efficient and timely manner;
- the expansion of our business into new countries as currently planned;
- entering into additional card acceptance and ATM management agreements with banks;
- the ability to obtain sufficient numbers of ATMs on a timely basis; and
- the availability of financing for the expansion.

We carefully monitor the growth of our ATM networks in each of our markets, and we accelerate or delay our expansion plans depending on local market conditions, such as variations in the transaction fees we receive, competition, overall trends in ATM-transaction levels and performance of individual ATMs.

We cannot predict the increase or decrease in the number of ATMs we manage under outsourcing agreements, because this depends largely on the willingness of banks to enter into outsourcing contracts with us. Banks are very deliberate in negotiating these agreements and the process of negotiating and signing outsourcing agreements typically takes six to 12 months or longer. Moreover, banks evaluate a wide range of matters when deciding to choose an outsource vender and generally this decision is subject to extensive management analysis and approvals. The process is exacerbated by the legal and regulatory considerations of local countries, as well as local language complexities. These agreements tend to cover large numbers of ATMs, so significant increases and decreases in our pool of managed ATMs could result from signature or termination of these management contracts. In this regard, the timing of both current and new contract revenues is uncertain and unpredictable.

We currently offer prepaid mobile phone top-up services in the U.K., Australia, New Zealand, Ireland, Poland, the U.S. and Germany. We plan to expand our top-up business in these and other markets by taking

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advantage of our existing relationships with mobile phone operators and retailers. This expansion will depend on various factors, including the following:

- the ability to negotiate new agreements in these markets with mobile phone operators and retailers;
- the continuation of the trend of increased use of electronic prepaid airtime among mobile phone users;
- the development of mobile phone networks in these markets and the increase in the number of mobile phone users; or
- the availability of financing for the expansion.

In addition, our continued expansion may involve acquisitions that could divert our resources and management time and require integration of new assets with our existing networks and services and could require financing that we may not be able to obtain. Our ability to manage our rapid expansion effectively will require us eventually to expand our operating systems and employee base. An inability to do this could have a material adverse effect on our business, growth, financial condition or results of operations.

**We are subject to business cycles and other outside factors that may negatively affect mobile phone operators, retailers and our customers.**

A recessionary economic environment or other outside factors could have a negative impact on mobile phone operators, retailers and our customers and could reduce the level of ATM transactions, which could, in turn, negatively impact our financial results. If mobile phone operators experience decreased demand for their prepaid products and services (including due to increasing usage of postpaid services) or if the retail locations where we provide POS top-up services decrease in number, we will process fewer transactions, resulting in lower revenue. In addition, a recessionary economic environment could result in a higher rate of bankruptcy filings by mobile phone operators, retailers and our customers and could reduce the level of ATM transactions, which will have a negative impact on our business.

**Our prepaid mobile airtime top-up business may be susceptible to fraud occurring at the retailer level.**

In our prepaid processing segment, we contract with retailers that accept payment on our behalf, which we then transfer to a trust or other operating account for payment to mobile phone operators. In the event a retailer does not transfer to us payments that it receives for mobile phone airtime, we are responsible to the mobile phone operator for the cost of the airtime credited to the customer s mobile phone. Although, in certain circumstances, we maintain credit enhancement insurance polices and take other precautions to mitigate this risk, we can provide no assurance that retailer fraud will not increase in the future or that any proceeds we receive under our insurance policies will be adequate to cover losses resulting from retailer fraud, which could have a material adverse effect on our business, financial condition and results of operations.

**Because we typically enter into short-term contracts with mobile phone operators and retailers, our top-up business is subject to the risk of non-renewal of those contracts.**

Our contracts with mobile phone operators to process prepaid mobile phone airtime recharge services typically have terms of two years or less. Many of those contracts may be canceled by either party upon three months notice. Our contracts with mobile phone operators are not exclusive, so these operators may enter into top-up contracts with other service providers. In addition, our top-up service contracts with major retailers typically have terms of one to two years and our contracts with smaller retailers typically may be canceled by either party upon three months notice. The cancellation or non-renewal of one or more of our significant mobile phone operator or retail contracts, or of a large enough group of our contracts with smaller retailers, could have a material adverse effect on our business, financial condition and results of operations. In addition, our contracts generally permit operators to reduce our fees at any time. Commission revenue or fee reductions by any of the mobile phone operators could also have a material adverse effect on our business, financial condition or results of operations.

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**In the U.S. and certain other countries, processes we employ may be subject to patent protection by other parties.**

We have commenced prepaid processing operations in the U.S. The contribution of these operations to our financial results is currently insignificant, but we hope to expand this business rapidly. In the U.S., patent protection legislation permits the protection of processes. We employ certain processes in the U.S. that have been used in the industry by other parties for many years, and which we and other companies using the same or similar processes consider to be in the public domain. However, we are aware that certain parties believe they hold patents that cover some of the processes employed in the prepaid processing industry in the U.S. The question whether a process is in the public domain is a legal determination, and if this issue is litigated we cannot be certain of the outcome of any such litigation. If a person were to assert that it holds a patent covering any of the processes we use, we would be required to defend ourselves against such claim and if unsuccessful, would be required to either modify our processes or pay license fees for the use of such processes. This could materially and adversely affect our U.S. prepaid processing business and could result in our reconsidering the rate of expansion of this business in the U.S.

**The level of transactions on our ATM and prepaid processing networks is subject to substantial seasonal variation, which may cause our quarterly results to fluctuate materially and create volatility in the price of our shares.**

Our experience is that the level of transactions on our networks is subject to substantial seasonal variation. Transaction levels have consistently been much higher in the last quarter of the year due to increased use of ATMs and prepaid top ups during the holiday season. The level of transactions drops in the first quarter, during which transaction levels are generally the lowest we experience during the year. Since revenues of the EFT Processing and Prepaid Processing Segments are primarily transaction-based, these segments are directly affected by this cyclicality. As a result of these seasonal variations, our quarterly operating results may fluctuate materially and could lead to volatility in the price of our shares.

**The stability and growth of our ATM business depend on maintaining our current card acceptance and ATM management agreements with banks and international card organizations, and on securing new arrangements for card acceptance and ATM management.**

The stability and future growth of our ATM business depend in part on our ability to sign card acceptance and ATM management agreements with banks and international card organizations. Card acceptance agreements allow our ATMs to accept credit and debit cards issued by banks and international card organizations. ATM management agreements generate service income from our management of ATMs for banks. These agreements are the primary source of our ATM business.

These agreements have expiration dates and banks and international card organizations are generally not obligated to renew them. In some cases, banks may terminate their contracts prior to the expiration of their terms. We cannot assure you that we will be able to continue to sign or maintain these agreements on terms and conditions acceptable to us or that international card organizations will continue to permit our ATMs to accept their credit and debit cards. The inability to continue to sign or maintain these agreements, or to continue to accept the credit and debit cards of local banks and international card organizations at our ATMs in the future, could have a material adverse effect on our business, growth, financial condition or results of operations.

**Retaining the founders of our company, and of e-pay and transact, and finding and retaining qualified personnel in Europe are essential to our continued success.**

Our strategy and its implementation depend in large part on the founders of our company, in particular Michael Brown and Daniel Henry, and their continued involvement in Euronet in the future. In addition, the success of the expansion of e-pay s and transact s businesses depends in large part upon the retention of e-pay s and transact s founders. Our success also depends in part on our ability to hire and retain highly skilled and qualified management, operating, marketing, financial and technical personnel. The competition for qualified personnel in Central Europe and the other markets where we conduct our business is intense and, accordingly, we cannot assure you that we will be able to continue to hire or retain the required personnel.

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Our officers and some of our key personnel have entered into service or employment agreements containing non-competition, non-disclosure and non-solicitation covenants and providing for the granting of incentive stock options with long-term vesting requirements. However, most of these contracts do not guarantee that these individuals will continue their employment with us. The loss of our key personnel could have a material adverse effect on our business, growth, financial condition or results of operations.

**Our operating results depend in part on the volume of transactions on ATMs in our network and the fees we can collect from processing these transactions.**

Transaction fees from banks and international card organizations for transactions processed on our ATMs have historically accounted for a substantial majority of our revenues. These fees are set by agreement among all banks in a particular market. Although we are less dependent on these fees due to our Prepaid Processing Segment, the future operating results of our ATM business depend on the following factors:

- the increased issuance of credit and debit cards;
- the increased acceptance of our ATM processing and management services in our target markets;
- the maintenance of the level of transaction fees we receive;
- the installation of larger numbers of ATMs; and
- the continued use of our ATMs by credit and debit cardholders.

Although we believe that the volume of transactions in developing countries will tend to increase due to growth in the number of cards being issued by banks in these markets, we anticipate that transaction levels on any given ATM in developing markets will not increase significantly. We can improve the levels of transactions on our ATM network overall by acquiring good sites for our ATMs, eliminating poor locations, entering new less-developed markets and adding new transactions to the sets of transactions that are available on our ATMs. However, we may not be successful in materially increasing transaction levels through these measures. Per-transaction fees have declined in certain markets in recent years. If we cannot continue to increase our transaction levels and per-transaction fees generally decline, our results would be adversely affected.

**Our operating results depend in part on the volume of transactions for pre-paid phone services and the commissions we receive for these services.**

Our prepaid processing segment derives revenues based on processing fees from mobile and other telecommunication operators or distributors of prepaid wireless products. Generally, these operators have the right to reduce the overall fee paid for each transaction, although a portion of such reductions can be passed along to retailers. In the last year, processing fees per transaction have been declining in most markets, and we expect that trend to continue. We have been able to improve our results despite that trend due to substantial growth in transactions, driven by acquisitions and organic growth. We do not expect to continue this rate of growth. If we cannot continue to increase our transaction levels and per-transaction fees continue to decline, our results would be adversely affected.

**Developments in electronic financial transactions, such as the increased use of debit cards by customers and pass-through of ATM transaction fees by banks to customers or developments in the mobile phone industry, could materially reduce ATM transaction levels and our revenues.**

Certain developments in the field of electronic financial transactions may reduce the amount of cash that individuals need on a daily basis, including the promotion by international card organizations and banks of the use of bank debit cards for transactions of small amounts. These developments may reduce the transaction levels that we experience on our ATMs in the markets where they occur. Banks also could elect to pass through to their customers all, or a large part of, the fees we charge for transactions on our ATMs. This would increase the cost of using our ATM machines to the banks customers, which may cause a decline in the use of our ATM machines and, thus, have an adverse effect on revenues. If transaction levels over our existing ATM network do not increase, growth in our

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revenues from the ATMs we own will depend primarily on rolling out ATMs at new sites and developing new markets, which requires capital investment and resources and reduces the margin we realize from our revenues.

The mobile phone industry is a rapidly evolving area, in which technological developments, in particular the development of new methods or services, may affect the demand for other services in a dramatic way. The development of any new technology that reduces the need or demand for prepaid mobile phone time could materially and adversely affect our business.

**We generally have little control over the ATM transaction fees established in the markets where we operate, and therefore cannot control any potential reductions in these fees.**

The amount of fees we receive per transaction is set in various ways in the markets in which we do business. We have card acceptance agreements or ATM management agreements with some banks under which fees are set. However, we derive the bulk of our revenues in most markets from interchange fees that are set by the central ATM processing switch. The banks that participate in these switches set the interchange fee, and we are not in a position in any market to influence greatly these fees, which may increase or decrease over time. A significant decrease in the interchange fee in any market could adversely affect our results in that market.

**In some cases, we are dependent upon international card organizations and national transaction processing switches to provide assistance in obtaining settlement from card issuers of funds relating to transactions on our ATMs.**

Our ATMs dispense cash relating to transactions on credit and debit cards issued by banks. We have in place arrangements for the settlement to us of all of those transactions, but in some cases we do not have a direct relationship with the card-issuing bank and rely for settlement on the application of rules that are administered by international card associations (such as Visa or MasterCard) or national transaction processing switching networks. If a bankcard association fails to settle transactions in accordance with those rules, we are dependent upon cooperation from such organizations or switching networks to enforce our right of settlement against such banks or card associations. Failure by such organizations or switches to provide the required cooperation could result in our inability to obtain settlement of funds relating to transactions and adversely affect our business.

**We derive a significant amount of revenue in our business from service contracts signed with financial institutions to own and/or operate their ATM machines.**

Certain contracts have been and, in the future, may be terminated by the financial institution resulting in a substantial reduction in revenue. Contract termination payments, if any, may be inadequate to replace revenues and operating income associated with these contracts.

**Because our business is highly dependent on the proper operation of our computer network and telecommunications connections, significant technical disruptions to these systems would adversely affect our revenues and financial results.**

Our business involves the operation and maintenance of a sophisticated computer network and telecommunications connections with banks, financial institutions, mobile operators and retailers. This, in turn, requires the maintenance of computer equipment and infrastructure, including telecommunications and electrical systems, and the integration and enhancement of complex software applications. Our ATM segment also uses a satellite based system that is susceptible to the risk of satellite failure. There are operational risks inherent in this type of business that can result in the temporary shutdown of part or all of our processing systems, such as failure of electrical supply, failure of computer hardware and software errors. Excluding our German ATMs, we operate all of our ATMs through our processing centers in Budapest, Hungary and Mumbai, India, and any operational problem in these centers may have a significant adverse impact on the operation of our network generally. In addition, we operate all of our top-up services through our processing centers in the U.K., Germany and the U.S., and any operational problem there could have a significant adverse impact on the operation of our top-up network.

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We employ experienced operations and computer development staff and have created redundancies and procedures in our processing centers to decrease these risks. However, these risks cannot be eliminated entirely. Any technical failure that prevents operation of our systems for a significant period of time will prevent us from processing transactions during that period of time and will directly and adversely affect our revenues and financial results.

**We have the risk of liability for fraudulent bankcard and other card transactions involving a breach in our security systems, as well as for ATM theft and vandalism.**

We capture, transmit, handle and store sensitive information in conducting and managing electronic, financial and mobile transactions, such as card information and PIN numbers. These businesses involve certain inherent security risks, in particular the risk of electronic interception and theft of the information for use in fraudulent card transactions. We incorporate industry-standard encryption technology and processing methodology into our systems and software to maintain high levels of security. Although this technology and methodology decrease security risks, they cannot be eliminated entirely, as criminal elements apply increasingly sophisticated technology to attempt to obtain unauthorized access to the information handled by ATM and electronic financial transaction networks.

Any breach in our security systems could result in the perpetration of fraudulent financial transactions for which we may be found liable. We are insured against various risks, including theft and negligence, but our insurance coverage is subject to deductibles, exclusions and limitations that may leave us bearing some or all of any losses arising from security breaches.

In addition to electronic fraud issues, the possible theft and vandalism of ATMs present risks for our ATM business. We install ATMs at high-traffic sites and consequently our ATMs are exposed to theft and vandalism. Although we are insured against these risks, exclusions or limitations in our insurance coverage may leave us bearing some or all of any loss arising from theft or vandalism of ATMs.

**We are required under German law and the rules of financial transaction switching networks in all of our markets to have sponsors to operate ATMs and switch ATM transactions. Our failure to secure sponsor arrangements in any market could prevent us from doing business in that market.**

Under German law, only a licensed financial institution may operate ATMs, and we are therefore required to have a sponsor bank to conduct our German ATM operations. In addition, in all of our markets, our ATMs are connected to national financial transaction switching networks owned or operated by banks, and to other international financial transaction switching networks operated by organizations such as Citibank, Visa and MasterCard. The rules governing these switching networks require any company sending transactions through these switches to be a bank or a technical service processor that is approved and monitored by a bank. As a result, the operation of our ATM network in all of our markets depends on our ability to secure these sponsor -type arrangements with financial institutions.

To date, we have been successful in reaching contractual arrangements that have permitted us to operate in all of our target markets. However, we cannot assure you that we will continue to be successful in reaching these arrangements, and it is possible that our current arrangements will not continue to be renewed.

**Our competition in the EFT Processing Segment and Prepaid Processing Segment include large, well financed companies and banks and, in the software market, companies larger than us with earlier entry into the market. As a result, we may lack the financial**

**resources and access needed to capture increased market share.**

**EFT Processing Segment** Our principal EFT Processing competitors include ATM networks owned by banks and national switches consisting of consortiums of local banks that provide outsourcing and transaction services only to banks and independent ATM deployers in that country. Large, well-financed companies that operate ATMs, such as First Data Corporation, Global Payments, GTech, SINSYS or MoneyBox may also establish ATM networks or offer outsourcing services that compete with us in various markets. Competitive factors in our EFT Processing Segment business include network availability and response time, price to both the bank and to its customers, ATM location and access to other networks. These companies have greater resources and scale than we do.

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Our competitors may introduce or expand their ATM networks in the future, which would lead to a decline in the usage of our ATMs.

Certain independent (non bank-owned) companies provide electronic recharge on ATMs in individual markets in which we provide this service. We are not aware of any individual independent companies providing electronic recharge on ATMs across multiple markets in which we provide this service. In this area, we believe competition will come principally from the banks providing such services on their own ATMs through relationships with mobile operators or from card transaction switching networks that add recharge transaction capabilities to their offerings (as is the case in the U.K. through the LINK network). However, there are relatively few barriers to entry in this business and larger companies that have more financial resources than we do could successfully compete with us based on a number of factors, including price.

**Prepaid Processing Segment** Several companies offer electronic recharge services for mobile phone airtime on POS terminals in the markets where we do business. These companies include, but are not necessarily limited to, Alphyra, Paypoint, Omega Logic, Barclays Merchant Services and Anpost in the U.K.; On-Q and Ezipin in Australia; Milo, Kolporter and GTech in Poland; TeleCash Kommunikations-Service, GZS, ADT Jalex, ANTHROS and EVS in Germany; and PRE-Solutions, InComm and Everything Prepaid in the U.S.

We believe, however, that we currently have a competitive advantage due to various factors. First, in the U.K., Germany and Australia, our acquired subsidiaries have been concentrating on the sale of prepaid airtime for longer than most of our competitors and have significant market share in those markets. We have approximately 40% of the POS recharge market in the U.K., 60% in Germany and 47% in Australia. In addition, we offer complementary ATM and mobile recharge solutions through our EFT processing centers. We believe this will improve our ability to solicit the use of networks of devices owned by third parties (for example, banks and switching networks) to deliver recharge services. In selected developing markets, we hope to establish a first-to-market advantage by rolling out terminals rapidly before competition is established. We also have an extremely flexible technical platform that enables us to tailor POS solutions to individual merchant requirements where appropriate. The GPRS (wireless) technology, designed by our transact subsidiary, will also give us an advantage in remote areas where landline phone infrastructure is of lesser quality or nonexistent.

The principal competitive factors in this area include price (that is, the level of commission charged for each recharge transaction) and up time offered on the system. Major retailers with high volumes are in a position to demand a larger share of the commission, which increases the amount of competition among service providers.

As the volume of transactions increases, we believe the principal factors affecting competition will be quality and price, as competitors may offer lower commissions to secure business.

In addition to the above competitive factors, it is possible that mobile operators themselves may reduce commissions beyond what is able to be passed on to retailers and distributors and may take over the distribution of their own prepaid mobile phone time. They would be able to terminate our contracts with them, which could have a material adverse impact on our business.

**Software Solutions Segment** We believe we are the leading supplier of electronic financial transaction processing software for the IBM iSeries (formerly AS/400) platform. Other suppliers service the software requirements of large mainframe systems and UNIX-based platforms.

Competitors of the Software Solutions Segment compete across all EFT software components in the following areas: (i) ATM, network and POS software systems, (ii) Internet banking software systems, (iii) credit card software systems, (iv) wireless banking software systems, and (v) full

EFT software, including Applied Communications Inc. (ACI), Mosaic Software and Oasis Software International.

Competitive factors in the Software Solutions business include price, technology development and the ability of software systems to interact with other leading products.

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**We conduct a significant portion of our business in Central and Eastern European countries, and we have subsidiaries in the Middle East and Asia, where the risk of continued political, economic and regulatory change that could impact our operating results is greater than in the U.S. or Western Europe.**

Certain tax jurisdictions that we operate in have complex rules regarding the valuation of inter-company services, cross-border payments between affiliated companies and the related effects on income tax, value-added tax (VAT), transfer tax and share registration tax. Our foreign subsidiaries frequently undergo VAT reviews, and two of our subsidiaries are currently undergoing comprehensive tax reviews. From time to time, we may be reviewed by tax authorities and be required to make additional tax payments should the review result in different interpretations, allocations or valuations of our services. We obtain legal, tax and regulatory advice as necessary to ensure compliance with tax and regulatory matters.

We have subsidiaries in Hungary, Poland, the Czech Republic, Romania, Slovakia, Spain, Greece, Croatia, India, Egypt and Indonesia and have operations in other countries in Central Europe, the Middle East and Asia. We sell software in many other markets in the developing world. These countries have undergone significant political, economic and social change in recent years and the risk of new, unforeseen changes in these countries remains greater than in the U.S. or Western Europe. In particular, changes in laws or regulations or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, could materially adversely affect our business, growth, financial condition or results of operations.

For example, currently there are no limitations on the repatriation of profits from any of the countries in which we have subsidiaries (although U.S. tax laws discourage repatriation), but foreign exchange control restrictions, taxes or limitations may be imposed or increased in the future with regard to repatriation of earnings and investments from these countries. If exchange control restrictions, taxes or limitations are imposed, our ability to receive dividends or other payments from affected subsidiaries could be reduced, which may have a material adverse effect on us.

In addition, corporate, contract, property, insolvency, competition, securities and other laws and regulations in Hungary, Poland, the Czech Republic, Romania, Croatia and other countries in Central Europe have been, and continue to be, substantially revised during the completion of their transition to market economies. Therefore, the interpretation and procedural safeguards of the new legal and regulatory systems are in the process of being developed and defined, and existing laws and regulations may be applied inconsistently. Also, in some circumstances, it may not be possible to obtain the legal remedies provided for under these laws and regulations in a reasonably timely manner, if at all.

Transmittal of data by electronic means and telecommunications is subject to specific regulation in most Central European countries. Although these regulations have not had a material impact on our business to date, changes in these regulations, including taxation or limitations on transfers of data across national borders, could have a material adverse effect on our business, growth, financial condition or results of operations.

**Because we derive our revenue from a multitude of countries with different currencies, our business is affected by local inflation and foreign exchange rates and policies.**

We attempt to match any assets denominated in a currency with liabilities denominated in the same currency. Nonetheless, substantially all of our indebtedness is denominated in U.S. dollars, euro and British pound sterling. While a significant amount of our expenditures, including the acquisition of ATMs, executive salaries and certain long-term telecommunication contracts, are made in U.S. dollars, most of our revenues are denominated in other currencies. The U.S. dollar has recently declined significantly against these currencies. As exchange rates among the U.S. dollar, the euro, and other currencies fluctuate, the translation effect of these fluctuations may have a material adverse effect on our results of operations or financial condition as reported in U.S. dollars. Moreover, exchange rate policies have not always allowed for the free conversion of currencies at the market rate. An increase in the value of the dollar would have an adverse effect on our results.

In recent years, Hungary, Poland and the Czech Republic have experienced high levels of inflation. Consequently, these countries currencies have continued to decline in value against the major currencies of the

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Organization of Economic Cooperation and Development ( OECD ) countries over this time period. Due to the significant reduction in the inflation rate of these countries in recent years, none of these countries are considered to have a hyper-inflationary economy. Nonetheless, rates of inflation in these countries may continue to fluctuate from time to time. The majority of our subsidiaries revenues are denominated in the local currency.

**Our directors and officers, together with the entities with which they are associated, owned about 13.0% of our common stock as of December 31, 2004, giving them significant control over decisions related to our Company.**

This control includes the ability to influence the election of other directors of our Company and to cast a large block of votes with respect to virtually all matters submitted to a vote of our stockholders. This concentration of control may have the effect of delaying or preventing transactions or a potential change of control of our Company.

**The sale of a substantial amount of our common stock in the public market could materially decrease the market price of our common stock, and about 29% of our outstanding common stock, while not currently traded publicly, could be publicly traded in blocks in the future because we have filed resale registrations statements for a majority of such shares.**

If a substantial amount of our common stock were sold in the public market, or even targeted for sale, this could have a material adverse effect on the market price of our common stock and our ability to sell common stock in the future. As of December 31, 2004, we had approximately 33 million shares of common stock outstanding, of which approximately 9.7 million shares (including the shares we issued in the transact acquisition, the Fletcher financing, the Precept and the CPI acquisitions), or about 29%, are not currently traded on the public market. About 4.6 million of these shares are held by persons who may be deemed to be our affiliates and who would be subject to Rule 144 of the general rules and regulations of the Commission. Rule 144 limits the number of shares that affiliates can publicly sell during each 90-day period. However, over the course of time, these 9.7 million shares have the potential to be publicly traded, perhaps in large blocks. Moreover, we have filed registration statements to permit the resale of a substantial portion of such shares, which would permit them to sell shares at any time without regard to the Rule 144 limitations. We, our executive officers and directors have agreed, subject to limited exceptions, not to directly or indirectly offer, sell or otherwise dispose of any shares of our common stock or any securities convertible or exchangeable into our common stock for a period of 90 days from the date of this prospectus. However, notwithstanding the foregoing restriction, our executive officers and directors, several of whom have existing Rule 10b5-1 plans, may sell shares of our common stock pursuant to such plans during the 90-day lockup period. In addition, none of our other shareholders have entered into any such lockup agreements.

**An additional 10.7 million shares of common stock could be added to the total outstanding common stock through the exercise of options and warrants or the issuance of additional shares of our common stock pursuant**

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**to existing agreements. This could dilute the ownership percentage of current stockholders. Also, once they are outstanding, these shares of common stock could be traded in the future and result in a material decrease in the market price of our common stock.**

As of December 31, 2004, we had an aggregate of 5.1 million options outstanding held by our directors, officers and employees, which entitles these holders to acquire an equal number of shares of our common stock on exercise. Of this amount, 2.2 million options are currently vested, which means they can be exercised at any time. An additional approximate 0.4 million shares of our common stock are issuable in connection with our employee stock purchase plan. During the first quarter of 2005, in connection with the acquisition of transact, Euronet delivered to the former shareholders of transact 0.6 million shares of common stock, in settlement of the earn-out payment. Additionally, we may be required to issue an additional approximate 0.4 million shares of our common stock (based on current prices and estimated earn-out payments) to the former shareholders or owners, EPS and Melfur under contingent earn-out payments in connection with these acquisitions. The number of shares issued under the earn outs will depend upon performance of the businesses acquired and the trading price of our common stock at the time we make the earn out payments. Accordingly, in addition to the shares issuable upon conversion of the Debentures, approximately 6.5 million shares (based on current prices and estimated earn-out payments) could potentially be added to the total current outstanding common stock through the exercise of options and warrants or the issuance of additional shares, and thereby dilute the ownership percentage of the current owners. The actual number of shares issuable could be higher depending upon the actual amounts of the earn-outs and our stock price at the time of payment (more shares could be issuable if our share price declines), which could increase dilution and reduce earnings per share. The indenture will not contain anti-dilution adjustments for such issuances.

Of the 5.1 million total options outstanding, an aggregate of 1.4 million options are held by persons who may be deemed to be our affiliates and who would be subject to Rule 144. Thus, upon exercise of their options, these affiliates shares would be subject to the trading restrictions imposed by Rule 144. For the remainder of the options, the warrants and the shares issuable as earn-outs described above, the common stock issued on their exercise or conversion would be freely tradable in the public market. Over the course of time, all of the issued shares have the potential to be publicly traded, perhaps in large blocks.

## Risks Related to the Debentures

**Because we operate primarily through subsidiaries, we may be unable to repay or repurchase the Debentures if our subsidiaries are unable to pay dividends or make advances to us.**

We are a United States holding company and conduct most of our operations through our subsidiaries, most of which are located in other countries. Our ability to meet our debt service obligations will therefore be dependent upon receipt of dividends, interest income and loans from our direct and indirect subsidiaries. In addition, under applicable law, our subsidiaries may be limited in the amounts that they are permitted to pay as dividends to us on their capital stock. In particular, there are significant tax and other legal restrictions on the ability of a non-U.S. subsidiary to remit money to us. As a result, our subsidiaries may not be able to pay dividends to us. If they are not, we will not be able to make debt service payments on the Debentures and our other outstanding debt obligations.

At maturity, the entire outstanding principal amount of the Debentures will become due and payable by us. In addition, each holder of the Debentures may require us to repurchase all or a portion of that holder s Debentures on December 15, of 2009, 2014 and 2019 or, if a change of control, as defined in the indenture, of Euronet occurs. A change of control also may constitute an event of default under, and result in the acceleration of the maturity of, indebtedness under our credit facilities or other indebtedness that we have or may incur in the future. At maturity or upon a repurchase request, if we do not have sufficient funds on hand or available through existing borrowing facilities or through the declaration and payment of dividends or through loans by our subsidiaries, we will need to seek additional financing. Additional financing may not be available to us in the amounts necessary.

Our existing credit facilities contain, and future borrowing arrangements or agreements may contain, restrictions on our repayment or repurchase of the Debentures under certain conditions. In the event that the maturity date or repurchase request occurs at a time when we are restricted from repaying or repurchasing the Debentures, we

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could attempt to obtain the consent of the lenders under those arrangements to repurchase the Debentures or we could attempt to refinance the borrowings that contain the restrictions. If we do not obtain the necessary consents or refinance these borrowings, we will be unable to repay or repurchase the Debentures. Failure by us to repay or repurchase the Debentures when required will result in an event of default with respect to the Debentures, which would, in turn, result in an event of default under our existing credit facilities or may result in an event of default under such other arrangements.

**The Debentures will be effectively subordinated to existing and future indebtedness and other liabilities of our subsidiaries.**

Because we operate primarily through our subsidiaries, we derive most of our revenues from and hold most of our assets through, those subsidiaries. As a result, we rely upon distributions and advances from our subsidiaries in order to meet our payment obligations under the Debentures and our other obligations. In general, these subsidiaries are separate and distinct legal entities and will have no obligation to pay any amounts due on our debt securities, including the Debentures, or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. Our right to receive any assets of any subsidiary in the event of a bankruptcy or liquidation of the subsidiary, and therefore the right of our creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. In addition, even if we were a creditor of any subsidiary, our rights as a creditor would be subordinated to any indebtedness of that subsidiary senior to that held by us, including secured indebtedness to the extent of the assets securing such indebtedness. As of December 31, 2004, our subsidiaries had outstanding liabilities of approximately $340.7 million, excluding intercompany indebtedness.

**Our stock price, and therefore the price of the Debentures, may be subject to significant fluctuations and volatility.**

The market price of the Debentures is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the Debentures than would be expected for non-convertible debt securities that we issue. Among the factors that could affect our common stock price are those discussed above under -Risks Related to Our Business as well as:

- technological innovations;
- the introduction of new products or proprietary rights;
- changes in our product pricing policies or those of our competitors;
- quarterly variations in our operating results;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- strategic actions by us or our competitors;

- general market conditions; and

- domestic and international economic factors unrelated to our performance.

In addition, the stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock and of the Debentures.

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**The trading prices for the Debentures will be directly affected by the trading prices for our common stock, which are impossible to predict.**

The price of our common stock could be affected by possible sales of our common stock by investors who view the Debentures as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage could, in turn, affect the trading prices of the Debentures.

**A downgrade, suspension or withdrawal of the rating assigned by a rating agency to the Debentures, if any, would cause the liquidity or market value of the Debentures to decline significantly.**

The Debentures have not yet been rated by a rating agency. There can be no assurance that any rating will be assigned and if assigned will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency. As a result, the market price of the Debentures could be adversely affected.

**There may be no public market for the Debentures and initially there will be restrictions on resale of the Debentures.**

Prior to this offering, there has been no trading market for the Debentures. We do not intend to apply for listing of the Debentures on any securities exchange or any automated quotation system. Although the initial purchaser has advised us that it currently intends to make a market in the Debentures, it is not obligated to do so and may discontinue its market-making activities at any time without notice. Consequently, we cannot be sure that any market for the Debentures will develop, or if one does develop, that it will be maintained. If an active market for the Debentures fails to develop or be sustained, the trading price and liquidity of the Debentures could be adversely affected.

The Debentures and the common stock to be issued upon conversion of the Debentures have not been registered under the Securities Act and are not transferable except upon satisfaction of the conditions described under Transfer Restrictions. Although we have agreed to use our commercially reasonable efforts to have declared effective a shelf registration statement covering the Debentures and the common stock issuable upon conversion of the Debentures within 180 days after the date the Debentures are originally issued, we may not be able to have the registration statement declared effective within that time period, if at all. If you convert some or all of your Debentures into common stock when there exists a default with respect to our obligation to register the common stock, you will not be entitled to receive liquidated damages on such common stock, but you will receive additional shares upon conversion (except to the extent we elect to deliver cash upon conversion).

**If you are able to resell your Debentures, many other factors may affect the price you receive, which may be lower than you believe to be appropriate.**

If you are able to resell your Debentures, the price you receive will depend on many other factors that may vary over time, including:

- the number of potential buyers;

- the level of liquidity of the Debentures;
- ratings published by major credit rating agencies;
- our financial performance;
- the amount of indebtedness we have outstanding;
- the level, direction and volatility of market interest rates generally;
- the market for similar securities;
- the redemption and repayment features of the Debentures to be sold; and
- the time remaining to the maturity of your Debentures.

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As a result of these factors, you may only be able to sell your Debentures at prices below those you believe to be appropriate, including prices below the price you paid for them.

**The conditional conversion feature of the Debentures could result in you not receiving the value of the common stock into which the Debentures are convertible.**

The Debentures are convertible into common stock only if specific conditions are met. If the specific conditions for conversion are not met, you may not be able to receive the value of the common stock into which your Debentures would otherwise be convertible.

**The conversion rate of the Debentures may not be adjusted for all dilutive events.**

The conversion rate of the Debentures is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions or combinations of our common stock, distributions of capital stock, indebtedness or assets, certain cash dividends and certain tender or exchange offers as described under Description of the Debentures-Conversion Rights-Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash, that may adversely affect the trading price of the Debentures or the common stock. There can be no assurance that an event that adversely affects the value of the Debentures, but does not result in an adjustment to the conversion rate, will not occur.

**You should consider the United States federal income tax consequences of owning Debentures.**

We and each holder of the Debentures agree to treat the Debentures as contingent payment debt instruments for U.S. federal income tax purposes, subject to the contingent payment debt instrument rules applicable to such instruments for U.S. federal income tax purposes. The discussion below, and the discussion under the heading Certain United States Federal Income Tax Considerations, assume that the Debentures will be so treated. However, the U.S. federal income tax characterization of the Debentures is uncertain and, thus, no assurance can be given that the Internal Revenue Service will not assert that the Debentures should be treated in a different manner. Such an alternative characterization could affect the amount, timing and character of income, gain or loss in respect of an investment in the Debentures.

Pursuant to the rules applicable to contingent payment debt instruments you will generally be required to include amounts in your taxable income, as ordinary income, with respect to the Debentures in the manner described in certain Certain United States Federal Income Tax Considerations-Accrual of Interest on the Debentures, regardless of whether you normally use the cash or accrual method of tax accounting. As a result, you will generally be required to include amounts in your taxable income based on the rate at which we would issue a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Debentures (which we have determined to be 9.05%), which rate will be substantially in excess of the stated interest rate on the Debentures. As a result, you will be required to include amounts in taxable income each year substantially in excess of the stated interest payable on the Debentures. Further, upon a sale, exchange, conversion, repurchase or redemption of a Debenture, you will be required to recognize gain or loss equal to the difference between your amount realized (which will include the value of our common stock if you exercise your conversion rights) and your adjusted tax basis in the Debenture, with any such gain (and with all or a portion of any such loss) being classified as ordinary income (or ordinary loss) rather than as capital gain (or capital loss). See Certain United States Federal Income Tax Considerations. You should consult your tax advisor as to the United States federal, state and local (as well as foreign) tax consequences of acquiring, owning and disposing of the Debentures.

**Our interest deductions attributable to the Debentures may be deferred, limited or eliminated under certain conditions.**

An issuer of a convertible debt may not deduct any premium paid upon its repurchase of such debt if the premium exceeds a normal call premium. This denial of an interest deduction, however, does not apply to accruals of

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interest based on the comparable yield of a convertible debt instrument. Nonetheless, the anti-abuse regulation, set forth in Section 1.1275-2(g), grants the Commissioner of the Internal Revenue Service authority to depart from the regulations if a result is achieved which is unreasonable in light of the original issue discount provisions of the Code, including Section 163(e). The anti-abuse regulation further provides that the Commissioner may, under this authority, treat a contingent payment feature of a debt instrument as if it were a separate position. If such an analysis were applied to the Debentures and ultimately sustained, our deductions attributable to the Debentures could be limited to the stated interest. The scope of application of the anti-abuse regulations is unclear. The Company, however, is of the view that application of the Contingent Debt Regulations to the Debentures as contemplated herein is a reasonable result such that the anti-abuse regulation should not apply. If a contrary position were asserted and ultimately sustained, our tax deductions would be severely diminished with a resulting adverse tax effect on our cash flow and ability to service the Debentures.

Under the Code, no deduction is allowed for interest expense in excess of $5 million on convertible subordinated acquisition indebtedness incurred to acquire stock or assets of another corporation. If a significant portion of the proceeds from the issuance of the Debentures, either alone or together with other debt proceeds, were used for a domestic acquisition and the Debentures and other debt, if any, were deemed subordinated to certain creditors of the affiliated group, interest deductions for tax purposes in excess of $5 million on such debt would be disallowed. This would adversely impact our cash flow and our ability to pay down the Debentures. We do not currently anticipate that this limitation will apply but there can be no assurance of that fact.

**You may have to pay taxes with respect to distributions on our common stock that you do not receive.**

The conversion rate of the Debentures is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other actions by us that modify our capital structure. See Description of the Debentures-Conversion Rights-Conversion Rate Adjustments. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stock holders, such as a cash dividend, you may be required to include an amount in income for federal income tax purposes, notwithstanding the fact that you do not actually receive such distribution. The amount that you would have to include in income will generally be equal to the amount of the distribution that you would have received if you had settled the purchase contract and purchased our common stock. In addition, non-U.S. holders of Debentures may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See Certain United States Federal Income Tax Considerations.

**The Debentures do not restrict our ability to incur additional debt or to take other action that could negatively impact holders of the Debentures.**

We are not restricted under the terms of the indenture and the Debentures from incurring additional indebtedness or securing indebtedness other than the Debentures. In addition, the Debentures do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt and take a number of other actions that are not limited by the terms of the indenture and the Debentures could have the effect of diminishing our ability to make payments on the Debentures when due. In addition, we are not restricted from repurchasing subordinated indebtedness or common stock by the terms of the indenture and the Debentures.

**Conversion of the Debentures will dilute the ownership interest of existing stockholders, including holders who had previously converted their Debentures.**

The conversion of some or all of the Debentures will dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Debentures may encourage short selling by market participants because the conversion of the Debentures could depress the price of our common stock.

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**If you hold Debentures, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.**

If you hold Debentures, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will have rights with respect to our common stock only if and when we deliver shares of common stock to you upon conversion of your Debentures and, in limited cases, under the conversion rate adjustments applicable to the Debentures. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

**We have various mechanisms in place to discourage takeover attempts, which may reduce or eliminate our stockholders ability to sell their shares for a premium in a change of control transaction.**

Various provisions of our certificate of incorporation and bylaws and of Delaware corporate law may discourage, delay or prevent a change in control or takeover attempt of our company by a third party that is opposed to by our management and board of directors. Public stockholders who might desire to participate in such a transaction may not have the opportunity to do so. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change of control or change in our management and board of directors. These provisions include:

- preferred stock that could be issued by our board of directors to make it more difficult for a third party to acquire, or to discourage a third party from acquiring, a majority of our outstanding voting stock;
- classification of our directors into three classes with respect to the time for which they hold office;
- supermajority voting requirements to amend the provision in our certificate of incorporation providing for the classification of our directors into three such classes;
- non-cumulative voting for directors;
- control by our board of directors of the size of our board of directors;
- limitations on the ability of stockholders to call special meetings of stockholders; and
- advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted upon by our stockholders at stockholder meetings.

We have also approved a stockholders rights agreement (the Rights Agreement ) between Euronet and EquiServe Trust Company, N.A., as Rights Agent. Pursuant to the Rights Agreement, holders of our common stock are entitled to purchase one one-thousandth (1/1,000) of a share (a Unit ) of Junior Preferred Stock at a price of $57.00 per Unit upon certain events. The purchase price is subject to appropriate adjustment for stock splits and other similar events. Generally, in the event a person or entity acquires, or initiates a tender offer to acquire, at least 15% of Euronet s then outstanding common stock, the Rights will become exercisable for common stock having a value equal to two times the exercise price of the Right, or effectively at one-half of Euronet s then-current stock price. The existence of the Rights Plan may discourage, delay or prevent a change of control or takeover attempt of our company by a third party that is opposed to by our management and board of directors.

## USE OF PROCEEDS

The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders. We will not receive any proceeds from the sale by the selling security holders of Debentures or shares of our common stock issued upon conversion thereof that are offered pursuant to this prospectus.

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## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the indicated periods.

| Fiscal Year Ended December 31, | | | | |
|---|---|---|---|---|
| 2004 | 2003 | 2002 | 2001 | 2000 |
| 4.56 | 2.96 | | 0.99 | |

For purposes of computing the ratios of earnings to fixed charges, earnings consist of income before taxes plus fixed charges, and fixed charges consist of interest expense and the portion of rental expense under operating leases representative of an interest factor. In 2000 and 2002, our earnings were insufficient to cover fixed charges by $36.7 million and $1.7 million, respectively.

## DESCRIPTION OF CREDIT FACILITY

On October 25, 2004, we and certain of our subsidiaries entered into two new revolving credit agreements with Bank of America, N.A. ( Bank of America ). The first agreement is a $10 million Credit Agreement dated October 25, 2004 (the US Credit Agreement ) among us, as Borrower and as Borrower Agent for our subsidiaries PaySpot, Inc. Euronet USA, Inc., Prepaid Concepts, Inc. and Call Processing, Inc. (collectively, the US Borrowers ), and Bank of America, as Agent , and as Lender , together with the other Lenders (as defined in the US Credit Agreement) from time to time party thereto. The US Credit Agreement provides the US Borrowers with a $10 million revolving line of credit that terminates on October 25, 2006. Borrowings under the US Credit Agreement bear interest at the election of the Borrower at either a Prime Rate (as defined in the US Credit Agreement) as in effect from time to time plus an amount specified in the US Credit Agreement or a fixed rate equal to the LIBOR Rate (as defined in the US Credit Agreement) for the applicable Interest Period (as defined in the US Credit Agreement) plus an Applicable Margin, as set forth in the US Credit Agreement, as in effect on the date of disbursement of the loan proceeds that varies based on the Registrant s Consolidated Funded Debt to EBITDA ratio. The US Credit Agreement contains customary events of default and covenants related to limitations on indebtedness, investments, dividends, assets sales and the maintenance of certain financial ratios and covenants, including a debt to EBITDA ratio, fixed charge coverage ratio and minimum EBITDA. Under the US Credit Agreement, we have granted a security interest in favor of Bank of America in 100% of the equity interests in any and all of our U.S. Subsidiaries (as defined in the US Credit Agreement) and 65% of the equity interests in EFT Services Holdings B.V.

We also entered into a $30 million Credit Agreement dated October 25, 2004 (the Euro Credit Agreement ) among the US, as Borrower Agent , and our European subsidiaries e-pay Holdings Limited and Delta Euronet GmbH (collectively, the Euro Borrowers ), and Bank of America, as Agent and as Lender , together with the other Lenders from time to time party thereto. The Euro Credit Agreement provides the Euro Borrowers with a $30 million revolving line of credit that terminates on October 25, 2006. Borrowings under the Euro Credit Agreement denominated in Euros bear interest at a floating rate equal to the EURIBOR Rate (as defined in the Euro Credit Agreement) for the applicable Interest Period (as defined in the Euro Credit Agreement) plus an Applicable Margin, as set forth in the Euro Credit Agreement, as in effect on the date of disbursement of the loan proceeds that varies based on the Registrant s Consolidated Funded Debt to EBITDA ratio plus the UK Mandatory Costs (as defined in the Euro Credit Agreement) in effect on the date of disbursement of the proceeds of such loans. Borrowings under the Euro Credit Agreement denominated in British Pounds Sterling bear interest at a floating rate equal to the LIBOR Rate (as defined in the Euro Credit Agreement) plus an Applicable Margin, as set forth in the Euro Credit Agreement, as in effect on the date of disbursement of the loan proceeds that varies based on the Registrant s Consolidated Fund Debt to EBITDA ratio plus the UK Mandatory Costs in effect on the date of disbursement of the proceeds of such loans. The Euro Credit Agreement contains customary events of default and covenants related to limitations on indebtedness, investments, dividends, asset sales and the maintenance of certain financial ratios and covenants. Under the Euro Credit Agreement, we have granted a security interest in favor of Bank of America in 100% of the equity interests in certain of our Foreign Subsidiaries (as defined in the Euro Credit Agreement), and 100% of the equity interests in our U.S. Subsidiaries (which shall be subordinate to any security interest granted by such persons in connection with the US Credit Agreement).

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Events of default under these credit facilities are typical for credit agreements of these types and include, without limitation:

- the non-payment of amounts owed under the credit facility;
- material breaches of representations and warranties;
- failure to comply with the provisions of the credit agreement;
- cross default with other indebtedness;
- failure to pay and bond or otherwise discharge any judgment or order for the payment of money in excess of $750,000;
- occurrence of certain events in connection with any of our defined benefit pension plans which may have a materially adverse effect on our business or financial condition;
- certain events of bankruptcy and insolvency; and
- a change of control.

## DESCRIPTION OF THE DEBENTURES

We issued the Debentures under an indenture, dated as of December 15, 2004 between us and US Bank, as trustee. Initially, the trustee will also act as paying agent, conversion agent and calculation agent for the Debentures. The terms of the Debentures include those provided in the indenture and those provided in the registration rights agreement we entered into with the initial purchaser.

The following description is only a summary of the material provisions of the Debentures, the indenture and the registration rights agreement. We urge you to read these documents in their entirety because they, and not this description, define your rights as holders of the Debentures. You may request a copy of the indenture and the registration rights agreement from us.

When we refer to Euronet, EEFT, we, our or us in this section, we refer only to Euronet Worldwide, Inc., a Delaware corporation, and not its subsidiaries.

**Brief Description of the Debentures**

The Debentures:

- bear cash interest at a rate of 1.625% per annum, payable on June 15 and December 15 of each year, beginning June 15, 2005;
- bear contingent interest that may be payable as set forth below under -Contingent Interest ;
- benefit from the provisions of a registration rights agreement, including the right to receive liquidated damages if we fail to comply with certain of our obligations under such agreement as set forth below under -Registration Rights ;
- are issued only in denominations of $1,000 principal amount and integral multiples thereof;
- are general unsecured obligations of Euronet, ranking equally with all of our other obligations that are unsecured and unsubordinated; as unsecured indebtedness of Euronet, the Debentures are effectively subordinated to all of our secured indebtedness, with respect to the collateral securing such indebtedness, and to all indebtedness and liabilities of our subsidiaries;

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subject to our right to deliver, in lieu of common stock, cash or a combination of cash and common stock, are convertible into our common stock, at an initial conversion rate of 29.7392 shares of common stock per $1,000 principal amount of Debentures (equivalent to an initial conversion price of approximately $33.63 per share), under the conditions and subject to such adjustments as are described under -Conversion Rights;

are redeemable at our option in whole or in part for cash beginning on December 20, 2009, as set forth under -Optional Redemption by Us;

entitle the holders to require us to repurchase the Debentures on December 15, 2009, December 15, 2014 and December 15, 2019, as set forth under -Repurchase of Debentures at the Option of the Holders;

entitle the holders to require us to repurchase the Debentures upon a Change of Control as set forth under -Repurchase of Debentures at the Option of Holders Upon a Change of Control;

are entitled to an increase in the conversion rate upon the occurrence of a change of control, or in lieu thereof at our election, in certain circumstances, to an adjustment in the conversion rate and related conversion obligation so that the Debentures are convertible into shares of the acquiring or surviving company; and

are due on December 15, 2024, unless earlier converted, redeemed by us at our option or repurchased by us at your option.

The indenture does not contain any financial covenants and does not restrict us from paying dividends, incurring additional indebtedness or issuing or repurchasing our other securities. The indenture also does not protect you in the event of a highly leveraged transaction or a change of control of Euronet, except to the extent described under -Repurchase of Debentures at the Option of Holders Upon a Change of Control below.

No sinking fund is provided for the Debentures and the Debentures are not subject to defeasance. The Debentures are issued only in registered form, without coupons, in denominations of $1,000 principal amount and integral multiples thereof.

Definitive Debentures will only be issued under the limited circumstances described under -Form, Denomination and Registration. You may present definitive Debentures for conversion and registration of transfer and exchange at the office or agency maintained by us for that purpose, which shall initially be the principal corporate trust office of the trustee currently located at One Federal Street, 3rd Floor, Boston, Massachusetts 02110. For information regarding conversion, registration of transfer and exchange of global Debentures, see -Form, Denomination and Registration. There will not be a service charge for any registration of transfer or exchange of Debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

We will make all payments on global Debentures to The Depository Trust Company in immediately available funds.

**Interest**

The Debentures bear interest at a rate of 1.625% per annum from December 15, 2004. We will also pay contingent interest on the Debentures in the circumstances described under -Contingent Interest.

We will pay interest (including contingent interest and liquidated damages, if any) semiannually on June 15 and December 15 of each year, beginning June 15, 2005, to the holders of record at the close of business on the preceding June 1 and December 1, respectively. In general, we will not pay accrued and unpaid interest, including contingent interest, if any, on any Debentures that are converted into our common stock. Instead, accrued interest, including contingent interest, if any, will be deemed paid by the common stock or cash received by holders on

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conversion. You will receive, however, accrued and unpaid liquidated damages, if any, to the conversion date. If a holder of Debentures converts after a record date for an interest payment but prior to the corresponding interest payment date, the holder will receive on that interest payment date accrued and unpaid interest, including contingent interest, if any, on those Debentures, notwithstanding the holder s conversion of those Debentures prior to that interest payment date, because that holder will have been the holder of record on the corresponding record date. However, at the time that a holder surrenders Debentures for conversion, the holder must pay to us an amount equal to the interest (including contingent interest, if any) that will be paid on the related interest payment date. The preceding sentence does not apply, however, if (1) we have specified a redemption date that is after a record date for an interest payment but on or prior to the corresponding interest payment date, (2) we have specified a repurchase date following a change of control that is during such period or (3) any overdue interest exists at the time of conversion with respect to the Debentures converted. Accordingly, under those circumstances, a holder of Debentures who chooses to convert those Debentures on a date that is after a record date but prior to the corresponding interest payment date will not be required to pay us, at the time that holder surrenders those Debentures for conversion, the amount of interest, including contingent interest, if any, it will receive on the interest payment date.

We will pay interest, including contingent interest and liquidated damages, if any, on:

- global Debentures to The Depository Trust Company, or DTC, in immediately available funds;

- any definitive Debentures having an aggregate principal amount of $5,000,000 or less by check mailed to the holders of those Debentures; and

- any definitive Debentures having an aggregate principal amount of more than $5,000,000 by wire transfer in immediately available funds if requested by the holders of those Debentures at least five business days prior to the payment date.

Interest (including contingent interest and liquidated damages, if any) on the Debentures will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date (other than an interest payment date coinciding with the stated maturity date or earlier redemption date, repurchase date or change of control repurchase date) of a Debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day. If the stated maturity date, redemption date, repurchase date or change of control repurchase date of a Debenture would fall on a day that is not a business day, the required payment of interest, if any, (including contingent interest and liquidated damages, if any) and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date, redemption date, repurchase date or change of control repurchase date to such next succeeding business day. The term business day means, with respect to any Debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

**Contingent Interest**

We will pay contingent interest to the holders of Debentures commencing with the period beginning December 20, 2009 to June 14, 2010 and for any six-month period from June 15 to December 14 and from December 15 to June 14 thereafter, if the average trading price of a Debenture for the five trading days ending on the second trading day immediately preceding the relevant contingent interest period equals or exceeds 120% of the principal amount of the Debenture. For any period when contingent interest shall be payable, the contingent interest payable per $1,000 principal amount of Debentures will equal 0.30% per annum calculated on the average trading price of $1,000 principal amount of Debentures during the five consecutive trading-day period referred to above used to determine whether contingent interest must be paid. Trading price is defined below under -Conversion Rights-Conversion Upon Satisfaction of Trading Price Condition. Trading day is defined below under -Conversion Rights-Conversion Upon Satisfaction of Market Price Condition.

Contingent interest, if any, will accrue and be payable to holders of Debentures as of the regular interest record date occurring immediately prior to the end of the relevant contingent interest period. Such payments will be

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paid on the regular interest payment date occurring one day after the end of the relevant contingent interest period. Payments of contingent interest shall be made in the same manner, and subject to the same restrictions, including those restrictions in respect of payments of accrued and unpaid interest on any Debentures that are converted into our common stock, as set forth above under -Interest.

Upon determination that holders of Debentures will be entitled to receive contingent interest, on or prior to the start of such contingent interest period, we will issue a press release and publish the information on our website on the World Wide Web or through another public medium we may use at that time.

**Conversion Rights**

*General*

Subject to the conditions and during the periods described below, holders may convert their Debentures at any time prior to the close of business on the maturity date into shares of our common stock. For each $1,000 principal amount of Debentures surrendered for conversion, a holder will receive 29.7392 shares (the conversion rate ), equal to an initial conversion price of approximately $33.63, subject to adjustment as set forth in -Conversion Rate Adjustments below.

Upon conversion, we may choose to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock, as described below.

We will not issue fractional shares of common stock upon conversion of the Debentures. Instead, we will pay cash based on the closing price of our common stock on the trading day prior to the conversion date for all fractional shares of common stock. You may convert Debentures only in denominations of $1,000 principal amount and integral multiples thereof.

Any Debentures called for redemption must be surrendered for conversion prior to the close of business on the business day prior to the redemption date.

If you have exercised your right to require us to repurchase your Debentures as described under -Repurchase of Debentures at the Option of the Holders or -Repurchase of Debentures at the Option of Holders Upon a Change of Control, you may convert your Debentures into our common stock only if you withdraw your repurchase notice or change of control repurchase notice, as the case may be.

To convert your Debenture (other than a Debenture held in book-entry form through DTC) into common stock you must:

- complete and manually sign the conversion notice on the back of the Debenture or facsimile of the conversion notice and deliver this notice to the conversion agent;

surrender the Debenture to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay all transfer or similar taxes; and

if required, pay funds equal to interest (including contingent interest, if any) payable on the next interest payment date.

Holders of Debentures held in book-entry form through DTC must comply with the requirements in the last three bullets above and follow DTC s customary practices. The date you comply with these requirements is the conversion date under the indenture. Settlement of our obligation to deliver shares and cash (if any) with respect to a conversion will occur in the manner and on the dates described under -Payment Upon Conversion below. Any delivery of shares will be accomplished by delivery to the conversion agent of certificates for the relevant number of shares, other than in the case of holders of Debentures in book-entry form with DTC, which shares shall be delivered in accordance with DTC customary practices. In addition, we will pay cash for any fractional shares, as described above.

If you deliver a Debenture for conversion, you will not be required to pay any taxes or duties for the issuance or delivery of common stock, if any, upon conversion. However, we will not pay any transfer tax or duty payable as result of the issuance or delivery of the common stock in a name other than that of the holder of the Debenture. We will not issue or deliver common stock certificates unless we have been paid the amount of any transfer tax or duty or we have been provided satisfactory evidence that the transfer tax or duty has been paid.

By delivering to the holder the number of shares or the amount of cash, if any, determined as set forth below under -Payment Upon Conversion, together with cash in lieu of any fractional shares, we will satisfy our obligation with respect to the Debentures. That is, accrued and unpaid interest, including contingent interest, if any, will be deemed to be paid in full rather than cancelled, extinguished or forfeited, except as set forth above under -Interest.

Due to new accounting rules, shares issuable upon conversion of convertible debt instruments with contingent conversion provisions such as the Debentures must be included in diluted earnings per share computations regardless of whether the contingent conversion conditions have been achieved. As a result, assuming the initial purchaser does not exercise its option to purchase additional Debentures and assuming we do not irrevocably elect to pay principal on the Debentures in cash (as described in -Payment Upon Conversion-Conversion after Irrevocable Election to Pay Principal in Cash ), an additional 4,163,488 shares of our common stock, representing approximately 12.5% of our common stock outstanding on the date hereof, will be included in our future calculations of diluted earnings per share beginning with the first quarter of 2005.

*Payment Upon Conversion*

*Conversion on or Prior to the Final Notice Date.* In the event that we receive your notice of conversion on or prior to the day that is 20 days prior to either maturity or, with respect to Debentures being redeemed, the applicable redemption date (the final notice date ), the following procedures will apply.

If we choose to satisfy all or any portion of our obligation (the conversion obligation ) in cash, we will notify you through the trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the conversion obligation or as a fixed dollar amount) at any time on or before the date that is two business days following receipt of your notice of conversion (the cash settlement notice period ). If we timely elect to pay cash for any portion of the shares otherwise issuable to you, you may retract the conversion notice at any time during the two business day period beginning on the day after the final day of the cash settlement notice period (the conversion retraction period ). No such retraction can be made (and a conversion notice shall be irrevocable) if we do not elect to deliver cash in lieu of shares (other than cash in lieu of fractional shares). If the conversion notice has not been retracted, then settlement (in cash and/or shares) (other than with respect to any additional shares you may receive, as described under Adjustment to Conversion Rate Upon a Change of Control , for which settlement will occur as described in that section of this prospectus) will occur on the third business day following the final day of the 20 trading day period beginning on the day after the final day of the conversion retraction period (the cash settlement averaging period ). Settlement amounts will be computed as follows:

If we elect to satisfy the entire conversion obligation in shares, we will deliver to you a number of shares equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the sum of the applicable conversion rate and the applicable number of additional shares issuable upon conversion of $1,000 principal amount of Debentures, if any, as described under -Adjustment to Conversion Rate Upon a Change of Control ; provided that if on the date you submit your notice of conversion (x) you hold Debentures that are neither registered under the Securities Act nor immediately freely saleable pursuant to Rule 144(k) under the Securities Act and (y) there exists a registration default as defined under -Registration Rights, for purposes of clause (ii) (including for purposes of calculations pursuant to the second and third bullet points of this paragraph), the conversion rate (without taking into account any additional shares which may be received, as described under -Adjustment to Conversion Rate Upon a Change of Control ) shall be

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multiplied by 103%. In addition, we will pay cash for all fractional shares of common stock as described above under -General.

If we elect to satisfy the entire conversion obligation in cash, we will deliver to you cash in an amount equal to the product of:

a number equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the number of shares calculated pursuant to clause (ii) in the first bullet point of this paragraph; and

the average of the closing prices of our common stock for each trading day during the cash settlement averaging period.

If we elect to satisfy a fixed portion (other than 100%) of the conversion obligation in cash, we will deliver to you such cash amount (the cash amount ) and a number of shares of our common stock equal to the excess, if any, of the number of shares calculated as set forth in the first bullet point of this paragraph over the number of shares equal to the sum, for each day of the cash settlement averaging period, of (x) 5% of the cash amount (other than cash for fractional shares of common stock), divided by (y) the closing price of our common stock. In addition, we will pay cash for all fractional shares of common stock as described above under -General. Because, in this case, the number of shares of our common stock that we deliver on conversion will be calculated over a 20 trading day period, holders of Debentures bear the market risk that our common stock will decline in value between each day of the cash settlement averaging period and the day we deliver the shares of common stock upon conversion.

*Conversion after the Final Notice Date or Following a Change of Control in connection with which you are Entitled to Receive Additional Shares.* With respect to conversion notices that we receive after the final notice date, we will not send individual notices of our election to satisfy all or any portion of the conversion obligation in cash. Instead, at any time on or before the final notice date, if we choose to satisfy all or any portion of the conversion obligation with respect to conversions after the final notice date in cash, we will send a single notice to the trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the conversion obligation or as a fixed dollar amount).

Settlement amounts will be computed and settlement dates will be determined in the same manner as set forth above under -Conversion on or Prior to the Final Notice Date except that the cash settlement averaging period shall be the 20 trading day period beginning on the trading day after receipt of your notice of conversion (or in the event we receive your notice of conversion on the business day prior to the maturity date, the 20 trading day period beginning on the trading day after the maturity date). Settlement (in cash and/or shares) (other than with respect to any additional shares you may receive, as described under Adjustment to Conversion Rate Upon a Change of Control , for which settlement will occur as described in that section of this prospectus) will occur on the third business day following the final day of such cash settlement averaging period.

In addition, if you elect to convert your Debentures under -Conversion Upon Specified Corporate Transactions and you are entitled to additional shares, we will not send individual notices of our election to satisfy all or any portion of the conversion obligation in cash. Instead, if we choose to satisfy all or any portion of the conversion obligation in cash, unless we have previously sent a notice as described below under -Conversion After Irrevocable Election to Pay Principal in Cash, we will send a single notice to the trustee of the dollar amount to be satisfied in cash, (which must be expressed either as 100% of the conversion obligation or as a fixed dollar amount) in connection with the announcement of the relevant corporate transaction. Settlement amounts will be computed and settlement dates will be determined in the same manner as set forth above under -Conversion on or Prior to the Final Notice Date except that (a) the cash settlement averaging period shall be the 20 trading day period beginning on the trading day after receipt of your notice of conversion (or in the event we receive your notice of conversion on the business day prior to the maturity date, the 20 trading day period beginning on the trading day after the maturity date), and (b) if the Debentures become convertible into exchange property (as defined below under -Conversion Upon Specified Corporate Transactions ), the closing price of our common stock shall be deemed to equal the sum of (1) 100% of the value of any exchange property consisting of cash received per share, (2) the closing price of any exchange property received per share consisting of securities that are traded on a U.S. national securities exchange or approved for quotation on the Nasdaq National Market and (3) the fair market value of any other exchange property received per share, as determined by two independent nationally recognized investment banks selected by the trustee for this purpose. Settlement (in cash and/or shares) will occur on the third business day following the final day of such cash settlement averaging period.

*Conversion after Irrevocable Election to Pay Principal in Cash.* At any time prior to maturity, we may irrevocably elect, with respect to any Debentures which may be converted after the date of such election, to satisfy in cash the lesser of (a) (i) the conversion rate, multiplied by (ii) the average closing price of our common stock during the cash settlement averaging period and (b) 100% of the principal amount of any such Debenture, with any remaining amount to be satisfied in shares of our common stock. Such election shall be in our sole discretion without the consent of the holders of the Debentures, by notice to the trustee and the holders of the Debentures. If we make such election, we may not subsequently revoke this election or make any further election hereunder.

In the event that we receive your notice of conversion after the date of such election, your notice of conversion will not be retractable and settlement amounts will be computed and settlement dates will be determined in the same manner as set forth above under -Conversion on or Prior to the Final Notice Date , except that the cash settlement averaging period shall be the 20 trading-day period beginning on the trading day after receipt of your notice of conversion. However, if you elect to convert your Debentures under -Conversion Upon Specified Corporate Transactions and you are entitled to additional shares, the settlement amounts will be computed and the settlement dates will be determined in the same manner as set forth in the last paragraph of -Conversion after the Final Notice Date or Following a Change of Control in connection with which you are Entitled to Receive Additional Shares .

*Conditions to Conversion*

Holders may surrender their Debentures for conversion into shares of our common stock prior to stated maturity only under the circumstances described below. Upon determination that holders of Debentures are or will be entitled to convert their Debentures, we will disseminate a press release through Dow Jones & Company, Inc. or Bloomberg Business News and publish such information on our website or through another public medium we may use at that time as soon as practicable.

*Conversion Upon Satisfaction of Market Price Condition.* A holder may surrender any of its Debentures for conversion into shares of our common stock during any fiscal quarter commencing after December 31, 2004 (and only during such fiscal quarter) if the closing price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter is greater than or equal to 130% of the conversion price of the Debentures as of that 30th trading day (initially 130% of approximately $33.63, or approximately $43.71).

The closing price of any security on any date means the closing sale price (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which such security is traded or, if such security is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market. The closing price will be determined without reference to after-hours or extended market trading. If our common stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the closing price will be the last quoted bid for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If our common stock is not so quoted, the closing price will be the average of the midpoint of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose (or if prices are not available from three such firms, from two such firms or, if prices are not available from two such firms, from one such firm).

Trading day means a day during which trading in securities generally occurs on the NYSE or, if our common stock is not listed on the NYSE, on the principal other U.S. national or regional securities exchange on

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which our common stock is then listed or, if our common stock is not listed on a U.S. national or regional securities exchange, on the Nasdaq National Market or, if our common stock is not reported by the Nasdaq National Market, on the principal other market on which our common stock is then traded.

*Conversion Upon Satisfaction of Trading Price Condition.* A holder may surrender any of its Debentures for conversion into our common stock prior to the stated maturity during the five business days immediately following any five consecutive trading-day period in which the trading price per $1,000 principal amount of the Debentures (as determined following a request by a holder of the Debentures in accordance with the procedures described below) for each day of that period was less than 98% of the product of the closing price of our common stock and the conversion rate of the Debentures on each such day; provided, however, that a holder may not convert Debentures in reliance on this provision after December 15, 2019, if on any trading day during such five consecutive trading-day period the closing price of our common stock was between the applicable conversion price of the Debentures and 130% of the conversion price of the Debentures.

The trading price of Debentures on any date of determination means the average of the secondary market bid quotations per $1,000 principal amount of the Debentures obtained by the trustee for $5,000,000 principal amount of the Debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for $5,000,000 principal amount of the Debentures from a nationally recognized securities dealer, or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of $1,000 principal amount of the Debentures, then:

- for purposes of any determination of whether contingent interest is payable or of the amount of any contingent interest, the trading price of the Debentures on any date of determination will equal the product of (i) the conversion rate for the Debentures and (ii) the average closing price of our common stock on the five trading days ending on such determination date; and

- for purposes of any determination of whether the condition to conversion of Debentures described under -Conversion Upon Satisfaction of Trading Price Condition is satisfied, we may elect, in our sole discretion, to deem the trading price per $1,000 principal amount of Debentures to be less than 98% of the product of the closing price of our common stock and the applicable conversion rate.

In connection with any conversion upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the Debentures unless we have requested such determination; and we shall have no obligation to make such request unless a holder provides us with reasonable evidence that the trading price per $1,000 principal amount of Debentures would be less than 98% of the product of the closing price of our common stock and the conversion rate of the Debentures. At such time, we shall instruct the trustee to determine the trading price of the Debentures beginning on the next trading day and on each successive trading day until the trading price per $1,000 principal amount of Debentures is greater than or equal to 98% of the product of the closing price of our common stock and the conversion rate of the Debentures.

*Conversion Upon Redemption.* If we elect to redeem Debentures, holders may convert the Debentures called for redemption into our common stock at any time prior to the close of business on the business day immediately preceding the redemption date, even if the Debentures are not otherwise convertible at such time.

*Conversion Upon Specified Corporate Transactions.* If we elect to:

distribute to all holders of our common stock certain rights or warrants entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at a price per share of less than the closing price of a share of our common stock on the record date for the distribution, or

- distribute to all holders of our common stock our assets, debt securities or certain rights to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 10% of the closing price of a share of our common stock on the trading day immediately preceding the declaration date for such distribution,

we must notify the holders of the Debentures at least 20 business days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their Debentures for conversion at any time until the earlier of the close of business on the business day immediately prior to the ex-dividend date or our announcement that such distribution will not take place, even if the Debentures are not otherwise convertible at such time; provided, however, that a holder may not exercise this right to convert if the holder may participate in the distribution without conversion. The ex-dividend date is the first date upon which a sale of the common stock, regular way on the relevant exchange or in the relevant market for our common stock, does not automatically transfer the right to receive the relevant dividend or distribution from the seller of the common stock to its buyer.

In addition, if we are party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, a holder may surrender Debentures for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of such transaction (or if such transaction constitutes a change of control, until the business day immediately preceding the applicable change of control repurchase date). We will notify holders at least 25 days prior to the anticipated effective date of any such transaction. If we engage in certain reclassifications of our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, then at the effective time of the transaction, the conversion value and the settlement amounts will be based on the applicable conversion rate and the kind and amount of cash, securities or other property that a holder of one share of our common stock would have received in such transaction, which we refer to as the exchange property. In addition, if you convert your Debentures following the effective time of the transaction, any amount to be settled in shares will be paid in such exchange property rather than shares of our common stock. If the transaction also constitutes a change of control, as defined below, a holder can require us to repurchase all or a portion of its Debentures as described below under -Repurchase of the Debentures at Option of the Holders Upon a Change of Control and will receive additional shares upon conversion as described under -Adjustment to Conversion Rate Upon a Change of Control.

*Conversion Rate Adjustments*

We will adjust the conversion rate for the Debentures if any of the following events occur:

(1) we issue our common stock as a dividend or distribution on our common stock in which event the conversion rate will be adjusted by multiplying it by a fraction,

- the numerator of which will be the sum of (i) the number of shares of our common stock outstanding on the record date fixed for the dividend or distribution plus (ii) the total number of shares constituting the dividend or distribution; and

- the denominator of which is the number of shares of our common stock outstanding on the record date fixed for the dividend or distribution;

(2) we issue to all holders of common stock certain rights or warrants entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at a price per share which is less than the closing price of a share of our common stock on the record date for the distribution, in which event the conversion rate will be adjusted by multiplying it by a fraction,

the numerator of which will be the sum of (i) the number of shares of our common stock outstanding on the record date fixed for the distribution plus (ii) the total number of additional shares of our common stock offered for subscription or purchase; and the denominator of which is the sum of (i) the number of shares of our common stock outstanding on the record date fixed for the distribution plus (ii) the total number of shares of our common stock that the aggregate offering price of the total number of shares offered for subscription or purchase would purchase at the current market price of our common stock on such record date;

(3) we subdivide or combine our common stock in which event the conversion rate will be proportionately increased or reduced;

(4) we distribute to all holders of our common stock shares of capital stock, evidences of indebtedness or assets, including securities (but excluding rights or warrants listed in (2) above, dividends or distributions listed in (1) above and distributions consisting exclusively of cash), in which event the conversion rate will be increased by multiplying such conversion rate by a fraction,

the numerator of which will be the current market price of our common stock and

the denominator of which will be the current market price of our common stock minus the fair market value, as determined by our board of directors, of the portion of those assets, shares of capital stock or evidences of indebtedness so distributed applicable to one share of common stock.

If we distribute capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, then the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing sales price of those securities (where such closing sale prices are available) for the 10 trading days commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the Nasdaq National Market or such other national or regional exchange or market on which the securities are then listed or quoted;

(5) we distribute cash to all holders of our common stock, excluding any dividend or distribution in connection with our liquidation, dissolution or winding up, in which event the conversion rate will be increased by multiplying such conversion rate by a fraction,

the numerator of which will be the current market price of our common stock and

the denominator of which will be the current market price of our common stock minus the amount per share of such dividend or distribution (as determined below).

(6) we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of our common stock exceeds the closing price of our common stock on the first trading day after the expiration of such tender or exchange offer, the conversion rate will be increased by multiplying such conversion rate by a fraction,

the numerator of which will be the sum of (x) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock we purchase in such tender or exchange offer and (y) the product of the number of shares of our common stock outstanding less any such purchased shares and the closing price of our common stock on the first trading day after the expiration of the tender or exchange offer and the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the closing price of our common stock on the first trading day after the expiration of the tender or exchange offer; and

(7) someone other than us or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer with respect to which, as of the closing date of the offer, our board of directors is not recommending rejection of the offer, in which event the conversion rate will be increased by multiplying such conversion rate by a fraction

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the numerator of which will be the sum of (x) the fair market value, as determined by our board of directors, of the aggregate consideration payable to our stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the expiration of the offer and (y) the product of the number of shares of our common stock outstanding less any such purchased shares and the closing price of our common stock on the first trading day after the expiration of the tender or exchange offer and

the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the closing price of our common stock on the first trading day after the expiration of the tender or exchange offer.

The adjustment referred to in this clause (7) will be made only if:

the tender offer or exchange offer is for an amount that increases the offeror s ownership of common stock to more than 25% of the total shares of common stock outstanding; and

the cash and value of any other consideration included in the payment per share of common stock exceeds the current market price per share of common stock on the first trading day after the expiration of the tender or exchange offer.

However, the adjustment referred to in this clause (7) will generally not be made if, as of the closing of the offer, the offering documents disclose a plan or an intention to cause us to engage in a consolidation or merger or a sale of all or substantially all of our assets.

Current market price of our common stock on any day means the average of the closing price per share of our common stock for each of the 10 consecutive trading days ending on the earlier of the day in question and the day before the ex-dividend date with respect to the issuance or distribution requiring such computation.

To the extent that we have a rights plan in effect upon conversion of the Debentures into common stock, you will receive, in addition to the common stock, the rights under the rights plan, unless prior to any conversion, the rights have separated from the common stock, in which case each conversion rate will be adjusted at the time of separation as described in clause (4) above, as if we distributed to all holders of our common stock, shares of our capital stock, evidences of indebtedness or assets as described above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

If rights or warrants for which an adjustment to the conversion rate has been made expire unexercised, the conversion rate will be readjusted to take into account the actual number of such rights or warrants which were exercised.

In the event of:

any reclassification of our common stock;

- a consolidation, merger, binding share exchange or combination involving us; or
- a sale or conveyance to another person or entity of all or substantially all of our property or assets;

in which holders of common stock would be entitled to receive exchange property for their common stock, upon conversion of your Debentures after the effective date of such event, the conversion value and the settlement amounts will be based on the applicable conversion rate and the exchange property. In addition, if you convert your Debentures following the effective time of the transaction, any amount to be settled in shares will be paid in such exchange property rather than shares of our common stock.

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The conversion rate will not be adjusted:

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan,
- upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries,
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the Debentures were first issued,
- for a change in the par value of the common stock, or
- for accrued and unpaid interest, including contingent interest or liquidated damages, if any.

The holders of the Debentures may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. In addition, non-U.S. holders of Debentures in certain circumstances may be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See Certain United States Federal Income Tax Considerations-U.S. Holders-Adjustment of Conversion Rate and -Tax Consequences to Non-U.S. Holders-Tax Consequences to Dividends .

To the extent permitted by law and the listing requirements of the Nasdaq National Market and any exchange on which the common stock is then listed, we may, from time to time, increase the conversion rate for a period of at least 20 days if our board of directors has made a determination that this increase would be in our best interests. Any such determination by our board will be conclusive. We would give holders at least 15 days notice of any increase in each conversion rate. In addition, we may increase the conversion rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of common stock resulting from any stock distribution.

Except as described above in this section, we will not adjust the conversion rate for any issuance of our common stock or convertible or exchangeable securities or rights to purchase our common stock or convertible or exchangeable securities.

*Adjustment to Conversion Rate Upon a Change of Control*

*General.* If and only to the extent you elect to convert your Debentures in connection with a transaction described under the definition of change of control as described below under -Repurchase of Debentures at Option of Holders upon a Change of Control that occurs on or prior to December 15, 2009, we will increase the conversion rate for the Debentures surrendered for conversion by a number of additional shares (the additional shares ) as described below, subject to our payment elections as described under Conversion Rights-Payment Upon Conversion.

The number of additional shares will be determined by reference to the table below, based on the date on which such change of control transaction becomes effective (the effective date ) and the price (the stock price ) paid per share for our common stock in such change of control transaction. If holders of our common stock receive only cash in such change of control transaction, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the closing prices of our common stock on the five trading days prior to but not including the effective date of such change of control transaction.

The additional shares will be delivered to holders who elect to convert their Debentures on the later of (1) the fifth business day following the effective date and (2) the third business day following the final day of the cash settlement averaging period.

The stock prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the Debentures is adjusted, as described above under -Conversion Rate Adjustments. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment,

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multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under -Conversion Rate Adjustments.

The following table sets forth the hypothetical stock price and number of additional shares to be issuable per $1,000 principal amount of Debentures:

| | Stock Price | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Effective Date** | **$23.68** | **$26.05** | **$28.65** | **$31.52** | **$33.63** | **$36.99** | **$40.69** | **$44.76** | **$49.23** | **$54.15** | **$59.57** | **$65.53** | **$72.08** | **$79.29** | **$87.22** |
| December 15, 2004 | 11.87 | 9.86 | 8.12 | 6.68 | 5.77 | 4.73 | 3.78 | 3.06 | 2.42 | 1.93 | 1.51 | 1.18 | 0.91 | 0.70 | 0.53 |
| December 15, 2005 | 11.72 | 9.60 | 7.79 | 6.30 | 5.38 | 4.33 | 3.38 | 2.69 | 2.06 | 1.61 | 1.22 | 0.94 | 0.70 | 0.53 | 0.38 |
| December 15, 2006 | 11.61 | 9.36 | 7.45 | 5.89 | 4.95 | 3.88 | 2.94 | 2.27 | 1.68 | 1.28 | 0.93 | 0.70 | 0.50 | 0.37 | 0.26 |
| December 15, 2007 | 11.52 | 9.06 | 6.96 | 5.31 | 4.30 | 3.23 | 2.30 | 1.68 | 1.16 | 0.83 | 0.56 | 0.40 | 0.27 | 0.19 | 0.13 |
| December 15, 2008 | 11.48 | 8.59 | 6.08 | 4.25 | 3.11 | 2.08 | 1.21 | 0.75 | 0.39 | 0.23 | 0.12 | 0.07 | 0.04 | 0.03 | 0.02 |
| December 15, 2009 | 6.45 | 5.16 | 2.64 | 1.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

The exact stock prices and effective dates may not be set forth in the table above, in which case:

If the stock price is between two stock price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year.

If the stock price is in excess of $87.22 per share (subject to adjustment), no additional shares will be issuable upon conversion.

If the stock price is less than $23.68 per share (subject to adjustment), no additional shares will be issuable upon conversion.

Notwithstanding the foregoing, in no event will the total number of shares of common stock issuable upon conversion exceed 42.2297 per $1,000 principal amount of Debentures, subject to adjustments in the same manner as the conversion rate as set forth under -Conversion Rate Adjustments.

Our obligation to satisfy the additional shares requirement could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

*Conversion After a Public Acquirer Change of Control*. Notwithstanding the foregoing, in the case of a public acquirer change of control (as defined below), we may, in lieu of increasing the conversion rate by additional shares as described in -Adjustment to Conversion Rate upon a Change of Control-General above, elect to adjust the conversion rate and the related conversion obligation such that from and after the effective date of such public acquirer change of control, holders of the Debentures will be entitled to convert their Debentures (subject to the satisfaction of the conditions to conversion described under -Conditions to Conversion above) into a number of shares of public acquirer common stock (as defined below) by multiplying the conversion rate in effect immediately before the public acquirer change of control by a fraction:

the numerator of which will be (i) in the case of a share exchange, consolidation, merger or binding share exchange, pursuant to which our common stock is converted into cash, securities or other property, the average value of all cash and any other consideration (as determined by our board of directors) paid or payable per share of common stock or (ii) in the case of any other public acquirer change of control, the average of the closing prices of our common stock for the five