

EURONET WORLDWIDE INC

Form S-3

November 10, 2005

**Table of Contents**

**As filed with the Securities and Exchange Commission on November 10, 2005**

**Registration No. 333-\_\_\_\_\_**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM S-3  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933**

**EURONET WORLDWIDE, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**74-2806888**

(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)

**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)

*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  
1201 Walnut  
Kansas City, Missouri 64106  
(816) 842-8600**

**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.

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.

#### CALCULATION OF REGISTRATION FEE

Title of Securities	Amount to be Registered	Proposed Maximum Aggregate Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
3.50% Convertible Debentures Due 2025	\$ 175,000,000(1)	100%(2)	\$ 175,000,000(2)	\$ 20,597.50
Common Stock, par value \$0.02 per share (3)	4,323,130(4)	(5)	(5)	(5)

- (1) Represents the aggregate principal amount of 3.50% Convertible Debentures Due 2025 that were issued on October 4, 2005.
- (2) Estimated solely for the purpose of determining the registration fee in accordance with to Rule 457(c) under the Securities Act of 1933, exclusive of accrued interest, if any.
- (3) Includes associated stock purchase rights. Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock.
- (4) Represents the maximum number of shares of our common stock that are issuable upon conversion of the Debentures at an initial conversion rate of 24.7036 shares per \$1,000 principal amount of Debentures, subject to adjustment in certain circumstances. Pursuant to Rule 416 of the Securities Act of 1933, this registration statement also registers such additional shares of common stock as may become issuable to prevent dilution as a result of stock splits, stock dividends or similar transactions or as a result of the anti-dilution provisions of the Debentures.
- (5) Pursuant to Rule 457(i) under the Securities Act of 1933, there are no additional filing fees with respect to the shares of common stock issuable upon conversion of the debentures because no additional consideration will be received by the registrant in connection with the exercise of the conversion right.

**The registrant hereby amends this registration statement on such date or dates as 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.**

**Table of Contents**

**The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED NOVEMBER 15, 2005**

**PROSPECTUS**

\$175,000,000

Euronet Worldwide, Inc.

3.50% Convertible Debentures Due 2025

Common Stock Issuable upon Conversion of the Debentures

We issued and sold \$175,000,000 aggregate principal amount of 3.50% Convertible Debentures Due 2025 in a private offering on October 4, 2005. 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 will be our unsecured obligations and will be subordinated in right of payment to obligations under our secured credit facilities and will be effectively subordinated to all of our other existing and future secured debt and to the indebtedness and other liabilities of our subsidiaries. The Debentures will not be subordinated in right of payment to our existing convertible debentures.

The Debentures will bear interest at a rate of 3.50% per annum. We will pay interest on the Debentures on April 15 and October 15 of each year, beginning April 15, 2006. Beginning with the period commencing on October 15, 2012 and ending on April 14, 2013, and for each of the six-month periods thereafter commencing on April 15, 2013, 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 0.35% per annum of the average trading price of a Debenture for such five trading-day period. The Debentures will mature on October 15, 2025.

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 the 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 24.7036 shares (equivalent to an initial conversion price of approximately \$40.48 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 October 20, 2012, 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 sale price of our common stock on November 9, 2005 was \$28.54 per share.

We may redeem some or all of the Debentures for cash at any time on or after October 20, 2012 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 October 15, 2012, 2015 and 2020, 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.

**Table of Contents**

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.**

**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 November , 2005.**

---

**TABLE OF CONTENTS**

	Page
<u>FORWARD-LOOKING STATEMENTS</u>	i
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	9
<u>USE OF PROCEEDS</u>	14
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	14
<u>DESCRIPTION OF CREDIT FACILITY</u>	15
<u>DESCRIPTION OF THE DEBENTURES</u>	16
<u>DESCRIPTION OF CAPITAL STOCK</u>	39
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	45
<u>SELLING SECURITY HOLDERS</u>	50
<u>PLAN OF DISTRIBUTION</u>	52
<u>LEGAL MATTERS</u>	54
<u>EXPERTS</u>	54
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	55
<u>INCORPORATION BY REFERENCE</u>	55
<u>Opinion of Stinson Morrison Hecker LLP</u>	
<u>Computation of Fixed Charges Ratios</u>	
<u>Consent of KPMG LLP</u>	
<u>Consent of KPMG Audyt Sp. z o.o.</u>	
<u>Consent of PricewaterhouseCoopers LLP</u>	

This prospectus is part of a resale registration statement that we have filed with the Securities and Exchange Commission (the 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 only to Euronet Worldwide, 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 Euronet Worldwide, Inc. and subsidiaries unless the context otherwise requires. Investors should be aware that Euronet Worldwide, Inc.'s subsidiaries will not guarantee the 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, may, anticipate, goal, forecast, plan, estimate or variations thereof. In particular, forward-looking statements include, are not limited to, statements relating to the following:

- trends affecting our business plans, financing plans and requirements;

- trends affecting our business;

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

- the assumptions underlying our business plans;

- business strategy;

- government regulatory action;

**Table of Contents**

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, mobile phone and money transfer 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 and mobile operators, 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 in our periodic reports filed 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.

**Table of Contents**

**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 6,841 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 as well as electronic consumer money transfer and bill payment services. We operate a network of more than 218,000 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 70 countries around the world. As of September 30, 2005, we had 14 principal offices in Europe, three in the United States, four in Asia-Pacific and two in the Middle East. Our headquarters office is in Leawood, Kansas.

**EFT Processing Segment**

Our EFT Processing Segment provides outsourcing and network 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, Kosovo, Albania 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 Owned 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 the logos of banks and international card organizations such as American Express, Diners Club International, Visa, MasterCard and Europay.





**Table of Contents*****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, cash forecasting 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 Segment***

Our Prepaid Processing Division provides networks for electronic distribution of prepaid mobile phone time to mobile operators and electronic consumer money transfer and bill payment services, 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 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

**Table of Contents**

to the mobile phone operators. We receive a commission or transaction fee 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.

During the second quarter 2005, we launched our money transfer and bill payment services through the acquisition of TelecommUSA. TelecommUSA's patented card-based money transfer and bill payment system allows transactions to be initiated primarily through POS terminals and Integrated Cash Register Systems (ICR). Transactions can also be initiated through the internet, fax or telephone. Revenue in the money transfer and bill payment business is earned through the charging of a transaction fee, as well as the difference between purchasing currency at wholesale exchange rates and selling the currency to consumers at retail exchange rates. We have origination and distribution agents in place, which each earn a fee for the respective service. These fees are recognized as a direct operating costs at the time of sale. As discussed in the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2005 under Item 2 Management's Discussion and Analysis of Financial Products and Services—Liquidity and Capital Resources—Other trends and uncertainties—below, we incurred an operating loss related to our money transfer and bill services product of \$0.4 million during the third quarter 2005 and we expect to continue incurring operating losses of up to \$0.4 million per quarter for at least the next two or three quarters.

**Software Solutions Segment**

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.

**Recent Developments**

Acquisitions constitute an important part of our strategy and we continually evaluate potential acquisition opportunities, some of which could be material. In particular, we are in active discussions concerning a few potential acquisitions of complementary businesses generating approximately \$100 million in annual revenues and approximately \$15 million in annual earnings before interest, taxes, depreciation and amortization based on the most recent fiscal quarter. We expect the aggregate purchase price would be approximately 15% of our total assets. The likelihood of completing these acquisitions, the terms thereof and the confirmation of the financial information set forth above will depend on, among other things, the completion of our due diligence investigation of these companies.

The consideration we would pay for these acquisitions could include cash, common stock, promissory notes, assumption of liabilities or some combination thereof. Because we regularly evaluate and pursue acquisition opportunities that are consistent with our growth strategy, additional acquisition opportunities may arise. There can be no assurance that any of these acquisition opportunities will be consummated or that we will achieve any or all of the anticipated benefits of such acquisitions.

**Table of Contents**

**The Offering**

Issuer	Euronet Worldwide, Inc.
Securities Offered	\$175,000,000 aggregate principal amount of 3.50% Convertible Debentures Due 2025.
Maturity Date	The Debentures will mature on October 15, 2025, unless earlier converted, redeemed or repurchased.
Ranking	The Debentures will be our general unsecured obligations, will be subordinated in right of payment to all obligations under Senior Debt, which is defined to include our secured credit facilities (including secured replacements, renewals or refinancings thereof, including with different lenders and in higher amounts) and will rank equally in right of payment with all of our other existing and future unsecured obligations and senior in right of payment to all of our future subordinated indebtedness. The Debentures will not be subordinated in right of payment to our existing convertible debentures. The Debentures will be effectively subordinated to any of our existing and future secured indebtedness, with respect to any collateral securing such indebtedness and all liabilities of our subsidiaries. The Debentures will 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 September 30, 2005, our subsidiaries had liabilities of approximately \$329.2 million, excluding intercompany indebtedness. Neither we nor our subsidiaries will be restricted under the indenture from incurring additional secured indebtedness, Senior Debt or other additional indebtedness.
Interest	The Debentures will bear interest at a rate of 3.50% per year. We will pay interest on the Debentures on April 15 and October 15 of each year, beginning April 15, 2006. 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 October 15, 2012 to April 14, 2013 and for any six-month period from April 15 to October 14 and

October 15 to April 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 0.35% 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.

#### Conversion Rights

Holder 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, 2005 (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, Holder may

**Table of Contents**

not convert their Debentures in reliance on this provision after October 15, 2020 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, you will receive 24.7036 shares, equal to an initial conversion price of approximately \$40.48, 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. Under the indenture, we will have the right to irrevocably elect to settle the Debentures upon conversion in cash. Our senior credit facilities prohibit payment of cash on the Debentures, including upon conversion, if there is a default or event of default under the facilities. In addition, the lenders will have the ability to block payments of cash on the Debentures under the subordination provisions of the indenture upon the occasion of certain credit facility defaults. As a result, if we make such election, there could be situations when we will be prohibited from making payments on the Debentures upon conversion, which would constitute a default under the Debentures.

If you elect to convert your Debentures in connection with a change of control that occurs on or prior to October 20, 2012, 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.

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 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 4,323,130 shares of our common stock, representing approximately 12.2% of our common stock outstanding as of September 30, 2005, will be included in our future calculations of diluted earnings per share beginning with the date the Debentures are issued unless inclusion of them would be anti-dilutive.

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

**Table of Contents**

	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 October 20, 2012 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	Holder of Debentures may require us to repurchase all or a portion of their Debentures on October 15, 2012, October 15, 2015 and October 15, 2020 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 the 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 at a constant rate of 8.50% per year (subject to certain adjustments), 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 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. Any loss will be ordinary loss to the extent of net original issue discount inclusions and, thereafter, 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. See Use of Proceeds.

Form, Denomination and Registration

The Debentures will be issued in fully registered form. The Debentures will

**Table of Contents**

be issued in denominations of \$1,000 principal amount and integral multiples thereof. The Debentures 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.

**Table of Contents****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. The summary of historical consolidated financial data set forth below for the nine-month periods ended September 30, 2005 and 2004 and as of September 30, 2005 and 2004 are derived from our unaudited consolidated financial statements included in our September 30, 2005 Quarterly Report on Form 10-Q, and includes all adjustments (consisting only of normal recurring adjustments) which we consider necessary for a fair presentation of our financial position and results of our operations and cash flows for those periods. Results for past periods are not necessarily indicative of results that may be expected for any future period, and results for the nine-month period ended September 30, 2005 are not necessarily indicative of results that may be expected for the entire year ended December 31, 2005. 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 and our September 30, 2005 Quarterly Report on Form 10-Q. Our historical results of operations include the results of various acquired entities from their date of acquisition.

	<b>Nine Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>September 30, 2005</b>	<b>2004</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<b>(in thousands, except for per share amounts and summary network data)</b>						
<b>Consolidated Statement of Operations</b>							
Revenues							
EFT processing segment	\$ 76,245	\$ 53,872	\$ 77,600	\$ 52,752	\$ 53,918	\$ 45,941	\$ 34,201
Prepaid processing segment	299,530	203,912	289,810	136,185			
Total revenues	386,841	268,001	381,080	204,407	71,048	60,983	50,028
Operating income	38,088	23,853	35,304	13,317	(419)	(6,050)	(35,455)
Gain on sale of U.K. Subsidiary				18,045			
Comprehensive income (loss)	12,704	14,217	22,623	14,660	(5,745)	264	(49,551)
Net income per share	0.54	0.44	0.59	0.45	(0.28)	0.03	(3.00)
<b>Consolidated Balance Sheet Data:</b>							
<b>Assets</b>							
Cash and cash equivalents	\$ 52,798	\$ 36,892	\$ 124,198	\$ 19,245	\$ 12,021	\$ 8,820	\$ 6,760
Restricted cash	70,335	57,650	69,300	58,280	4,401	1,877	2,103
Trade accounts receivable, net	130,047	83,373	110,306	75,648	8,380	8,862	9,199
Total current assets	308,462	207,095	344,766	167,044	39,866	34,694	29,099
Goodwill	251,505	116,222	183,668	88,512	1,834	1,551	2,060
Total Assets	\$ 664,341	\$ 389,861	\$ 618,475	\$ 303,773	\$ 66,559	\$ 61,391	\$ 60,890

**Liabilities and stockholders equity**

Total current liabilities	\$ 280,985	\$ 205,553	\$ 293,183	\$ 151,926	\$ 19,769	\$ 24,753	\$ 20,756
Notes payable	140,000	52,711	140,000	55,792	36,318	38,146	77,191
Total liabilities	468,045	261,246	476,561	221,904	60,388	69,078	105,691
Total stockholders equity (deficit)	196,296	128,615	141,914	81,869	6,171	(7,687)	(44,801)
Total liabilities and stockholders equity (deficit)	\$ 664,341	\$ 389,861	\$ 618,475	\$ 303,773	\$ 66,559	\$ 61,391	\$ 60,890

**Summary network data:**

Number of operational ATMS at end of period	6,841	5,404	5,742	3,350	3,005	2,400	2,081
ATM processing transactions during the period (in millions)	258.5	159.1	232.5	114.7	79.2	57.2	43.5
Number of operational prepaid processing terminals at end of period	218,000	167,524	175,318	126,284			
Prepaid processing transactions during the period (in millions)	248.0	162.9	228.6	102.1			

**Table of Contents****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**

For a description of risks related to our business, you should carefully consider the risk factors described in Risk Factors under Management's Discussion and Analysis of Financial Condition and Results of Operations in our periodic filings with the SEC, including, but not limited to, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 and subsequent periodic filings containing updated disclosures of such factors, together with all of the other information included in this prospectus and any prospectus supplement and the other information that we have incorporated by reference. Any of these risks, as well as other risks and uncertainties, could harm our business and financial results and cause the value of our securities to decline, which in turn could cause you to lose all or a part of your investment. These risks are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial also may impair our business. Statements in or portions of a future document incorporated by reference in this prospectus, including, without limitation, those relating to risk factors, may update and supersede statements in and portions of this prospectus or such incorporated documents.

**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.

**Restrictions in our other debt may prevent us from making payments on the Debentures.**

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 October 15, 2012, 2015 and 2020 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. Our credit facilities prohibit payments on the Debentures if a default or event of default exists under such facilities. 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 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. In such event, the subordination provision of the Debentures likely would prevent us from paying on the Debentures.



**Table of Contents****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. The Debentures will not be guaranteed by our subsidiaries. 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 September 30, 2005, our subsidiaries had outstanding liabilities of approximately \$329.2 million, excluding intercompany indebtedness.

**The Debentures are subordinated to debt under our secured credit facilities, and our ability to make payments on the Debentures, including upon conversion, may be limited by the secured credit facilities.**

The Debentures are our general unsecured obligations and are subordinated in right of payment to any of our obligations under our Senior Debt, including our existing secured credit facilities and any secured renewals, refinancings or replacements, even with different lenders and for larger amounts. In the event of our bankruptcy, liquidation or reorganization, or upon certain other events, our assets will be available to pay obligations on the Debentures only after all Senior Debt has been paid. As a result, there may not be sufficient assets remaining to pay amounts due on any or all of the outstanding Debentures. In addition, we will not be permitted to make any payments on the Debentures, including payments of cash upon conversion of the Debentures (if we elect to pay cash upon conversion) and payments upon exercise of any repurchase rights granted to the Holders, in the event of payment defaults or other specified defaults on future senior indebtedness. Our senior credit facilities prohibit payment of cash on the Debentures, including upon conversion, if a default or event of default under the facilities has occurred or would occur after giving effect to such payment.

Under the indenture, we will have the right to irrevocably elect to settle the Debentures upon conversion in cash. As a result of the subordination of the Debentures, if we make such election, there could be situations when we will be prohibited from making payments on the Debentures upon conversion, which would constitute a default under the Debentures. Such default would be a default under our senior credit facilities as well. In such event, the subordination provisions of the indenture would make it likely that you would not be paid.

Neither we nor our subsidiaries are restricted from incurring additional debt, including senior indebtedness, under the indenture. If we incur additional debt or liabilities, our ability to pay our obligations on the Debentures could be adversely affected. We expect that we will from time to time incur additional indebtedness and other liabilities.

**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;

10

---

**Table of Contents**

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.

**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;

**Table of Contents**

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.

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 United States Federal Income Tax Considerations Tax Consequences to U.S. Holders-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 8.50%), 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 to the extent of net original issue discounts inclusions and, thereafter, capital loss) rather than as capital gain. 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.**

The U.S Treasury regulations contain an anti-abuse regulation, set forth in Section 1.1275-2(g), that 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 Internal Revenue Code (the Code ), including Section 163(e). The anti-abuse regulation further provides that the Commissioner may, under this authority, treat a

**Table of Contents**

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 thereon. The scope of application of the anti-abuse regulations is unclear. The Company, however, is of the view that application of the contingent payment debt instrument 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 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 indebtedness incurred to acquire stock or assets of another corporation reduced by any interest paid on other obligations which have provided consideration for an acquisition of stock in 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 trade creditors or were expressly subordinated to a substantial amount of unsecured creditors of the affiliated group, interest deductions for tax purposes in excess of \$5 million on such debt reduced by any interest paid on other obligations which have provided consideration for an acquisition of stock in another corporation would be disallowed. This would adversely impact our cash flow and our ability to pay down the Debentures. Euronet applied a significant portion of the proceeds from its December 2004 issuance of 1.625% Convertible Senior Debentures Due 2024 to acquisitions of foreign corporations. The interest expense attributable to these acquisitions exhausted all of the \$5 million annual interest expense deduction permitted under the Code for certain convertible subordinated debt incurred for corporation acquisitions. Accordingly, if this limitation were to apply, no interest deductions would be allowed with respect to 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 converted your Debentures into 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.

**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



**Table of Contents**

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.

**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,				Nine Months Ended September 30,	
2000	2001	2002	2003	2004	2004	2005
	0.99		2.98	4.56	4.56	6.07

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 from continuing operations were insufficient to cover fixed charges by \$36.7 million and \$5.0 million, respectively.

**Table of Contents****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., TelecommUSA, Ltd. 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 Credit Agreement was amended on June 16, 2005 to increase the amount of the facility from \$30 million to \$40 million. The revolving line of credit 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).

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.

**Table of Contents**

**DESCRIPTION OF THE DEBENTURES**

We issued the Debentures under an indenture, dated as of October 4, 2005, 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 a registration rights agreement.

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. In addition, we have incorporated by reference the form Debenture, the indenture and the registration rights agreement as exhibits to the registration statement on Form S-3 of which this prospectus is a part.

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 offered hereby will:

bear cash interest at a rate of 3.50% per annum, payable on April 15 and October 15 of each year, beginning April 15, 2006;

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 ;

be issued only in denominations of \$1,000 principal amount and integral multiples thereof;

be general unsecured obligations of Euronet subordinated in right of payment to all of our obligations under our secured credit facilities; as unsecured indebtedness of Euronet, the Debentures will be effectively subordinated to all of our other secured indebtedness, with respect to the collateral securing such indebtedness, and to all indebtedness and liabilities of our subsidiaries;

subject to our right to deliver, in lieu of common stock, cash or a combination of cash and common stock, be convertible into our common stock, at an initial conversion rate of 24.7036 shares of common stock per \$1,000 principal amount of Debentures (equivalent to an initial conversion price of approximately \$40.48 per share), under the conditions and subject to such adjustments as are described under Conversion Rights;

be redeemable at our option in whole or in part for cash beginning on October 20, 2012, as set forth under Optional Redemption by Us;

entitle the Holders to require us to repurchase the Debentures on October 15, 2012, October 15, 2015 and October 15, 2020, 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;

be 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

be due on October 15, 2025, 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.

**Table of Contents**

No sinking fund is provided for the Debentures and the Debentures will not be subject to defeasance. The Debentures will be 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.

**Subordination**

The Debentures will be subordinated in right of payment to all of our existing and future Senior Debt on the terms set forth below. The indenture does not restrict the amount of indebtedness, including Senior Debt, that we or any of our subsidiaries may incur. The Debentures will be senior in right of payment to all of our future obligations that may be designated as subordinated to the Debentures.

No payment on account of principal of, redemption of, interest on or any other amounts due with respect to the Debentures, including, without limitation, any payments of cash upon conversion or upon the holders' exercise of their change of control repurchase right, and no redemption, repurchase or other acquisition of the Debentures may be made (except in our common stock or other securities into which the Debentures are then convertible and certain subordinated debt obligations) if:

a default in the payment of any Designated Senior Debt occurs and is continuing beyond any applicable period of grace (called a Payment Default ); or

a default other than a Payment Default occurs and is continuing that permits the holders of Designated Senior Debt (or any agent acting on their behalf) to accelerate its maturity, and the trustee receives a notice of such default (called a Payment Blockage Notice ) from any representative of such holders of the Designated Senior Debt (called a Non-Payment Default ).

We may resume payments and distributions on the Debentures:

in case of a Payment Default, upon the date on which such default is cured or waived or ceases to exist; and

in the case of a Non-Payment Default, upon the earliest of (x) the date on which such Non-Payment Default is cured or waived or ceases to exist, in each case as and to the extent permitted under the documentation for the Designated Senior Debt, or (y) 179 days from the date the Payment Blockage Notice is received, unless the maturity of the Designated Senior Debt has been accelerated, in which case the immediately preceding bullet point shall become applicable.

Notwithstanding the foregoing, not more than one Payment Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Debt during such period. No default which existed or was continuing on the date of the delivery of any Payment Blockage Notice with respect to the Designated Senior Debt whose holders delivered the Payment Blockage Notice may be made the basis of a subsequent Payment Blockage Notice by the holders of such Designated Senior Debt, whether or not within a period of 360 consecutive days, unless the default has been cured or waived for a period of not less than 90 consecutive days.

Upon any distribution of our assets in connection with any dissolution, winding-up, liquidation or reorganization of us, all Senior Debt must be paid in full before the holders of the Debentures are entitled to any payments whatsoever (except that the holders of Debentures may receive capital stock and debt obligations that are subordinated to the Senior Debt to substantially the same extent as the Debentures are so subordinated).

As a result of these subordination provisions, in the event of our insolvency, holders of the Debentures may recover ratably less than the holders of our Senior Debt.





**Table of Contents**

If the payment of the Debentures is accelerated because of an Event of Default, we or the trustee shall promptly notify the holders of Senior Debt or the trustee(s) or other representatives for the holders of the Senior Debt of the acceleration. We may not pay the Debentures until 10 business days after the holders or trustee(s) or other representatives for the holders of Senior Debt receive notice of the acceleration and after which we may pay the Debentures only if the subordination provisions of the indenture otherwise permit payment at that time.

If the trustee or any holder of Debentures receives any payment or distribution of our assets of any kind in contravention of any of the subordination terms of the indenture, whether in cash, property or securities, including, without limitation by way of set-off or otherwise, in respect of the Debentures before all Senior Debt is paid in full, then the payment or distribution will be held by the recipient in trust for the benefit of holders of Senior Debt, and will be immediately paid over or delivered to the holders of Senior Debt or their representative or representatives to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution, or provision therefor, to or for the holders of Senior Debt.

The Debentures are obligations only of us. Since a significant amount of our operations are conducted through our subsidiaries, our cash flow and our consequent ability to service debt, including the Debentures, will depend in part upon the earnings of our subsidiaries and the distribution of those earnings to, or under loans or other payments of funds by those subsidiaries to, us. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, will depend upon the earnings of those subsidiaries and are subject to various business considerations. Our right to receive assets of any of our non-guarantor subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Debentures to participate in those assets) is effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that we are recognized as a creditor of that subsidiary, in which case our claims would still be subordinate to any security interests in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by us. As of September 30, 2005, our subsidiaries had liabilities of approximately \$329.2 million (excluding inter-company indebtedness), all of which are structurally senior to the Debentures.

The indenture does not limit the amount of additional indebtedness, including Senior Debt or secured debt, which we can create, incur, assume or guarantee, nor does the indenture limit the amount of indebtedness and other liabilities that any subsidiary can create, incur, assume or guarantee.

**Credit Agreement** means each of (i) the \$10,000,000 U.S. Credit Agreement dated as of October 25, 2004, among us, PaySpot, Inc., Euronet USA, Inc., TelecommUSA, Ltd., Call Processing, Inc. and Bank of America, N.A., as agent and lender, and (ii) the \$40,000,000 Euro/GBP Credit Agreement dated as of October 25, 2004, among us, e-pay Holdings Limited, Delta Euronet GmbH and Bank of America, N.A., as agent and lender, in each case as amended, restated, supplemented or otherwise modified from time to time and all extensions, renewals, refundings, refinancings and replacements, in whole or in part, whether or not any such amendment, restatement, supplement, modification, extension, renewal, refunding, refinancing or replacement (a) involves the same borrowers or guarantors, (b) is with the same or any other agent, lender or group of lenders or (c) increases the principal amount thereof.

**Designated Senior Debt** means (i) any obligations from time to time outstanding under each Credit Agreement described in clauses (i) and (ii) of the definition thereof and (ii) any other Senior Debt the principal amount of which (or, in the case of a revolving credit, the commitments thereunder) is \$10.0 million or more and that at the time of determination has been designated by us as **Designated Senior Debt**.

**Hedge Agreements** means (1) Interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements with respect to exposure to interest rates; and (2) foreign exchange contracts, currency swap agreements and other agreements or arrangements with respect to exposure to foreign currency exchange rates.

**Obligations** means, with respect to any indebtedness, all obligations (whether in existence on the date of the indenture or arising afterwards, absolute or contingent, direct or indirect) for or in respect of principal (when due, upon acceleration, upon redemption, upon mandatory repayment or repurchase pursuant to a mandatory offer to purchase, or otherwise), premium, interest, penalties, fees, indemnification, reimbursement and other amounts payable and liabilities with respect to such indebtedness, including all interest accrued or accruing after the commencement of any bankruptcy, insolvency or reorganization or similar case or proceeding at the contract rate (including, without

limitation, any contract rate applicable upon default) specified in the relevant documentation, whether or not the claim for such interest is allowed as a claim in such case or proceeding and including all payment obligations under Hedge Agreements.

Senior Debt of Euronet means all Obligations of Euronet under the Credit Agreement and any Hedge Agreements related thereto (or guarantees by Euronet with respect to any Obligations under the Credit Agreement or Hedge

**Table of Contents**

Agreements related thereto of any other Person) that are secured by liens on any of the assets of Euronet or any of its subsidiaries, whether outstanding on the date of original issuance of the Debentures or thereafter created, incurred or assumed, unless, in the case of any particular indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such indebtedness shall not be senior in right of payment to the Debentures; *provided* that Senior Debt does not include (i) any obligation to Euronet or any of its subsidiaries; (ii) trade payables or (iii) Euronet's currently outstanding convertible debentures.

**Interest**

The Debentures will bear interest at a rate of 3.50% per annum from October 4, 2005. 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 April 15 and October 15 of each year, beginning April 15, 2006, to the Holders of record at the close of business on the preceding April 1 and October 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 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 October 15, 2012 to April 14, 2013 and for any six-month period from April 15 to October 14 and from October 15 to April 14 thereafter, if the average trading price of a Debenture for the five trading days ending on the second trading day

**Table of Contents**

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 0.35% 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 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 24.7036 shares (the conversion rate), equal to an initial conversion price of approximately \$40.48, 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

**Table of Contents**

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 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 4,323,130 shares of our common stock, representing approximately 12.2% of our common stock outstanding as of September 30, 2005, will be included in our future calculations of diluted earnings per share beginning with the date the Debentures are issued unless inclusion would be anti-dilutive.

**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 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



**Table of Contents**

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

**Table of Contents**

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 .

Our senior credit facilities prohibit payment of cash on the Debentures, including upon conversion, if there is a default or event of default under the facilities. In addition, the lenders will have the ability to block payments of cash on the Debentures under the subordination provisions of the indenture upon the occasion of certain credit facility defaults. See Subordination. As a result, if we make such irrevocable election, there could be situations when we will be prohibited from making payments on the Debentures upon conversion. Our failure to make such payments would constitute an Event of Default.

***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, 2005 (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 \$40.48, or approximately \$52.62).

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 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 October 15, 2020, 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

**Table of Contents**

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

**Table of Contents**

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).

25

---



**Table of Contents**

(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 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;

**Table of Contents**

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. For purposes of the foregoing, in the event holders of our common stock have the opportunity to elect the form of consideration to be received in any such transaction, we will make adequate provision whereby the holders of the Debentures shall have a reasonable opportunity to determine the form of consideration into which all of the Debentures, treated as a single class, shall be convertible from and after the effective date of such transaction (subject to our ability to settle the conversion obligation in cash, as set forth under Payment Upon Conversion ). Any such determination shall be subject to any limitations to which all of the holders of the common stock are subject, such as pro-rata reductions applicable to any portion of the consideration to be paid. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing. However, if the transaction described above also constitutes a public acquiror change of control (as defined below), then we may in certain circumstances elect to change the conversion right in the manner described under Adjustment to Conversion Rate Upon a Change of Control Conversion after a Public Acquirer Change of Control in lieu of changing the conversion right in the manner described in this paragraph.

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 Tax Consequences to U.S. Holders Adjustment of Conversion Rate and Tax Consequences to Non-U.S. Holders Dividends and Constructive 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 October 20, 2012, we will increase the conversion rate for the

**Table of Contents**

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, 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:

Effective Date	Stock Price														
	\$29.44	\$32.00	\$35.00	\$38.00	\$40.48	\$44.00	\$47.00	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$80.00	\$90.00	\$100.00
4-Oct-05	9.26	8.03	6.88	5.98	5.36	4.65	4.16	3.74	3.19	2.76	2.42	2.14	1.72	1.42	1.19
15-Oct-06	9.09	7.77	6.61	5.66	5.05	4.32	3.85	3.43	2.91	2.49	2.17	1.91	1.53	1.26	1.06
15-Oct-07	8.85	7.52	6.29	5.32	4.70	3.98	3.50	3.10	2.59	2.19	1.90	1.66	1.32	1.08	0.91
15-Oct-08	8.67	7.24	5.90	4.93	4.25	3.55	3.05	2.68	2.18	1.82	1.56	1.35	1.06	0.87	0.73
15-Oct-09	8.49	6.89	5.51	4.46	3.78	3.05	2.56	2.20	1.72	1.42	1.19	1.02	0.79	0.64	0.54
15-Oct-10	8.34	6.56	5.00	3.80	3.13	2.34	1.90	1.53	1.15	0.90	0.72	0.62	0.48	0.39	0.33
15-Oct-11	8.28	6.23	4.29	2.99	2.17	1.39	0.98	0.68	0.42	0.28	0.21	0.18	0.14	0.12	0.10
20-Oct-12	6.40	4.49	2.53	1.54	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 \$100.00 per share (subject to adjustment), no additional shares will be issuable upon conversion.

If the stock price is less than \$29.44 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 33.9673 per \$1,000 principal amount of Debentures, or 5,944,278 shares of common stock in the aggregate, 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:

**Table of Contents**

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 consecutive trading days prior to but excluding the effective date of such public acquirer change of control, and

the denominator of which will be the average of the closing prices of the public acquirer common stock for the five consecutive trading days commencing on the trading day next succeeding the effective date of such public acquirer change of control.

A public acquirer change of control means any event constituting a change of control that would otherwise obligate us to increase the conversion rate as described above under Adjustment to Conversion Rate upon a Change of Control

General and the acquirer (or any entity that is a directly or indirectly wholly-owned subsidiary of the acquirer or of which the acquirer is a directly or indirectly wholly-owned subsidiary) has a class of common stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such change of control (the public acquirer common stock). Upon a public acquirer change of control, if we so elect, Holders may convert their Debentures (subject to the satisfaction of the conditions to conversion described under Conditions to Conversion above) at the adjusted conversion rate described in the preceding paragraph but will not be entitled to the increased conversion rate described under Adjustment to Conversion Rate upon a Change of Control General. We are required to notify Holders of our election in our notice to Holders of such transaction. As described under Conditions to Conversion Holders may convert their Debentures upon a public acquirer change of control during the period specified therein. In addition, the Holder can also, subject to certain conditions, require us to repurchase all or a portion of its Debentures as described under Repurchase of Debentures at Option of Holders upon a Change of Control. After the adjustment of the conversion rate in connection with a public acquirer change of control, the conversion rate will be subject to further similar adjustment in the event that any of the events described in Conversion Rights Conversion Rate Adjustments above occur thereafter.

**Payment at Maturity**

Each Holder of \$1,000 principal amount of 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.

We will pay principal on:

global Debentures to DTC in immediately available funds; and

any definitive Debentures at our office or agency maintained for that purpose, which initially will be the office or agency of the trustee located at One Federal Street, 3rd Floor, Boston, Massachusetts 02110.

**Optional Redemption by Us**

Prior to October 20, 2012, the Debentures will not be redeemable at our option. At any time on or after October 20, 2012, we may redeem some or all of the Debentures for cash at 100% of their principal amount, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, on the Debentures to, but not including, the redemption date. If the redemption date is on a date that is after a record date and on or prior to the corresponding interest payment date, we will pay such interest (including contingent interest, if any, and liquidated damages, if any) to the Holder of record on the corresponding record date, which may or may not be the same person to whom we will pay the redemption price and the redemption price will be 100% of the principal amount of the Debentures redeemed.

We will give at least 30 days but not more than 60 days notice of redemption by mail to Holders of Debentures. Debentures or portions of Debentures called for redemption will be convertible by the Holder until the close of business on the business day prior to the redemption date.

If we do not redeem all of the Debentures, the trustee will select the Debentures to be redeemed in principal amounts of \$1,000 or integral multiples thereof, by lot or on a pro rata basis or by such other method that the trustee considers fair and appropriate, so long as such method is not prohibited by the rules of any stock exchange or

quotation association on which the Debentures may then be traded or quoted. If any Debentures are to be redeemed in part only, we will issue a new Debenture or Debentures with a principal amount equal to the unredeemed principal portion

**Table of Contents**

thereof. If a portion of your Debentures is selected for partial redemption and you convert a portion of your Debentures, the converted portion will be deemed to be taken from the portion selected for redemption.

**Repurchase of Debentures at the Option of the Holders**

Holder of Debentures may require us to repurchase all or a portion of their Debentures on October 15, 2012, October 15, 2015 and October 15, 2020.

In each case, the repurchase price will be equal to 100% of the principal amount of the Debentures being repurchased, plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, to, but not including, the repurchase date.

In connection with any repurchase of Debentures, we will notify the Holders of Debentures, not less than 20 business days prior to any repurchase date, of their repurchase right, the repurchase date and the repurchase procedures. To exercise the repurchase right, you must deliver, prior to the close of business on the business day immediately preceding the repurchase date, written notice to the trustee of your exercise of your repurchase right, together with the Debentures with respect to which your right is being exercised, if such Debentures are in certificated form. You may withdraw this notice by delivering to the trustee a notice of withdrawal prior to the close of business on the business day immediately preceding the repurchase date.

Rule 13e-4 under the Exchange Act requires the dissemination of certain information to security Holders if an issuer tender offer occurs and may apply if the repurchase option becomes available to Holders of the Debentures. We will comply with this rule and file Schedule TO (or any similar schedule) to the extent applicable at that time.

Our obligation to pay the repurchase price for Debentures for which a repurchase notice has been delivered and not validly withdrawn is conditioned upon you effecting book entry transfer of the Debentures or delivering definitive Debentures, together with necessary endorsements, to the paying agent at any time after delivery of the repurchase notice. We will cause the repurchase price for the Debentures to be paid promptly following the later of the business day following the repurchase date and the time of book entry transfer or delivery of definitive Debentures, together with such endorsement.

If the paying agent holds money sufficient to pay the repurchase price of the Debentures which Holders have elected to require us to repurchase on the repurchase date in accordance with the terms of the indenture, then, immediately after the repurchase date, those Debentures will cease to be outstanding and interest, contingent interest, if any, and liquidated damages, if any, on the Debentures will cease to accrue, whether or not the Debentures are transferred by book entry or delivered to the paying agent. Thereafter, all other rights of the Holder shall terminate, other than the right to receive the repurchase price upon delivery or transfer by book entry of the Debentures.

No Debentures may be repurchased by us at the option of the Holders if the principal amount of the Debentures has been accelerated, and such acceleration has not been rescinded, on or prior to such date. Our ability to repurchase the Debentures is limited by the terms of our existing credit facilities during a default or event of default thereunder and may be limited or by any future borrowing agreements we may enter into and by restrictions on our ability to obtain funds for such repurchase through dividends from our subsidiaries. In particular, because many of our subsidiaries are located outside the United States, there may be significant tax and other legal restrictions on the ability of those non-U.S. subsidiaries to remit money to us. Accordingly, we cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the repurchase price for all the Debentures that might be delivered by Holders of Debentures seeking to exercise the repurchase right.

**Repurchase of Debentures at the Option of Holders Upon a Change of Control**

If a change of control, as described below, occurs, you will have the right to require us to repurchase for cash all of your Debentures not previously called for redemption, or any portion of those Debentures that is equal to \$1,000 in principal amount or integral multiples thereof, at a repurchase price (the change of control repurchase price) equal to the principal amount of all Debentures you require us to repurchase plus any accrued and unpaid interest, including contingent interest, if any, and liquidated damages on those Debentures to, but not including, the change of control repurchase date. If the change of control repurchase date is on a date that is after a record date and on or prior to the corresponding interest payment date, we will pay such interest (including contingent interest, if any, and liquidated damages, if any) to the Holder of record on the corresponding record date, which may or may not be the same person to whom we will pay the change of control repurchase price and the repurchase price will be 100% of the principal



amount of the Debentures repurchased.

**Table of Contents**

Within 30 days after the occurrence of a change of control, we are required to give you notice of such occurrence and of your resulting repurchase right and the procedures that Holders must follow to require us to repurchase their Debentures as described below. The change of control repurchase date specified by us will be 30 days after the date on which we give you this notice.

The change of control repurchase notice given by each Holder electing to require us to repurchase Debentures shall be given so as to be received by the paying agent no later than the close of business on the change of control repurchase date and must state:

the certificate numbers of the Holders Debentures to be delivered for repurchase;

the portion of the principal amount of Debentures to be repurchased, which must be \$1,000 or an integral multiple thereof; and

that the Debentures are to be repurchased by us pursuant to the applicable provisions of the Debentures.

A Holder may withdraw any change of control repurchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the change of control repurchase date. The notice of withdrawal shall state:

the principal amount at maturity of Debentures being withdrawn;

the certificate numbers of the Debentures being withdrawn; and

the principal amount of the Debentures, if any, that remain subject to the change of control repurchase notice.

A change of control means any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which all or substantially all of our common stock or assets are exchanged for, converted into, acquired for or constitutes solely the right to receive cash, securities or other property; provided that a change of control will not be deemed to occur if at least 90% of the consideration (other than cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights) to be received consists of shares of capital stock that has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer thereof and that is traded or scheduled to be traded immediately following such transaction or event on a national securities exchange or the Nasdaq National Market.

Rule 13e-4 under the Exchange Act requires the dissemination of certain information to security Holders if an issuer tender offer occurs and may apply if the repurchase option becomes available to Holders of the Debentures. We will comply with this rule and file Schedule TO (or any similar schedule) to the extent applicable at that time.

Our obligation to pay the repurchase price for Debentures for which a repurchase notice has been delivered and not validly withdrawn is conditioned upon you effecting book entry transfer of the Debentures or delivering definitive Debentures, together with necessary endorsements, to the paying agent at any time after delivery of the repurchase notice. We will cause the repurchase price for the Debentures to be paid promptly following the later of the business day following the repurchase date and the time of book entry transfer or delivery of definitive Debentures, together with such endorsements.

If the paying agent holds money sufficient to pay the change of control repurchase price of the Debentures that Holders have elected to require us to repurchase on the change of control repurchase date in accordance with the terms of the indenture, then, immediately after the change of control repurchase date, those Debentures will cease to be outstanding and interest, contingent interest, if any, and liquidated damages, if any, on the Debentures will cease to accrue, whether or not the Debentures are transferred by book entry or delivered to the paying agent. Thereafter, all other rights of the Holder shall terminate, other than the right to receive the change of control repurchase price upon book entry transfer or delivery of the Debentures.

The foregoing provisions would not necessarily protect Holders of the Debentures if highly leveraged or other transactions involving us occur that may affect Holders adversely. We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change of control with respect to the

change of control repurchase feature of the Debentures but that would increase the amount of our (or our subsidiaries ) outstanding indebtedness.

## **Table of Contents**

No Debentures may be repurchased by us at the option of the Holders upon a change of control if the principal amount of the Debentures has been accelerated, and such acceleration has not been rescinded, on or prior to such date. Our ability to repurchase the Debentures upon the occurrence of a change of control is limited by the terms of our existing credit facilities during a default or event of default thereunder and may be limited by any future borrowing agreements we may enter into and by restrictions on our ability to obtain funds for such repurchase through dividends from our subsidiaries. In particular, because many of our subsidiaries are located outside the United States, there may be significant tax and other legal restrictions on the ability of those non-U.S. subsidiaries to remit money to us. In addition, the occurrence of a change of control could cause an event of default under, or be prohibited or limited by the terms of, our credit facilities. Finally, we may be required to offer to repurchase other debt on a pro rata basis with the Debentures upon a change of control, if similar change of control offers are required by such other debt. Our existing convertible notes contain a similar provision. Accordingly, we cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the change of control repurchase price in cash for all the Debentures that might be delivered by Holders of Debentures seeking to exercise the repurchase right.

The change of control repurchase feature of the Debentures may in certain circumstances make more difficult or discourage a takeover of our company. The change of control repurchase feature, however, is not the result of our knowledge of any specific effort:

to accumulate shares of our common stock;

to obtain control of us by means of a merger, tender offer solicitation or otherwise; or

by management to adopt a series of anti-takeover provisions.

Instead, the change of control repurchase feature is a standard term contained in securities similar to the Debentures.

### **Merger and Sales of Assets**

The indenture provides that we may not consolidate with or merge into any other person or convey, transfer, sell, lease or otherwise dispose of all or substantially all of our properties and assets to another person unless, among other things:

the resulting, surviving or transferee person is a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia;

such person, if other than us, assumes all our obligations under the Debentures and the indenture;

if as a result of such transaction the Debentures become convertible into common stock or other securities issued by a third party, such third party assumes all of our obligations under the Debentures and the indenture or fully and unconditionally guarantees all of our or our successor's obligations under the Debentures and the indenture; and

we or such successor are not then or immediately thereafter in default under the indenture.

The occurrence of certain of the foregoing transactions could also constitute a change of control. See [-Repurchase of Debentures at the Option of Holders Upon a Change of Control](#).

This covenant includes a phrase relating to the conveyance, transfer, sale, lease or disposition of all or substantially all of our assets. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, there may be uncertainty as to whether a conveyance, transfer, sale, lease or other disposition of less than all our assets is subject to this covenant.

### **Anti-Layering**

We will not incur any indebtedness that is subordinate in right of payment to our Senior Debt unless such indebtedness is pari passu with, or subordinated in right of payment to, the Debentures. This does not apply to distinctions between categories of indebtedness that exist by reason of any liens or guarantees securing or in favor of some but not all of such indebtedness.

**Events of Default**

**Table of Contents**

Each of the following constitutes an event of default under the indenture:

default in our obligation to deliver shares of our common stock or cash in lieu thereof upon exercise of a Holder's conversion right (whether or not prohibited by the subordination provisions of the indenture);

default in our obligation to provide timely notice of a change of control;

default in our obligation to repurchase any Debenture at the option of Holders or at the option of Holders upon a change of control (whether or not prohibited by the subordination provisions of the indenture);

default in our obligation to redeem any Debenture after we have exercised our redemption option (whether or not prohibited by the subordination provisions of the indenture);

default in our obligation to pay the principal amount of any Debenture at maturity when due and payable (whether or not prohibited by the subordination provisions of the indenture);

default in our obligation to pay any interest, contingent interest or liquidated damages on any Debenture when due and payable, and continuance of such default for a period of 30 days (whether or not prohibited by the subordination provisions of the indenture);

our failure to perform or observe any other term, covenant or agreement contained in the Debentures or the indenture for a period of 60 days after written notice of such failure, provided that such notice requiring us to remedy the same shall have been given to us by the trustee or to us and the trustee by the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding;

our failure to pay when due at maturity or a default that results in the acceleration of maturity of any indebtedness for borrowed money by us or our designated subsidiaries in an aggregate amount of \$10 million or more, unless the acceleration is rescinded, stayed or annulled within 30 days after written notice of default is given to us by the trustee or Holders of not less than 25% in aggregate principal amount of the Debentures then outstanding; and

certain events of bankruptcy, insolvency or reorganization with respect to us or any of our designated subsidiaries or any group of two or more subsidiaries that, taken as a whole, would constitute a designated subsidiary.

A designated subsidiary shall mean any existing or future, direct or indirect, subsidiary of ours whose assets constitute 15% or more of our total assets on a consolidated basis.

Our obligations under the indenture are not intended to provide creditor rights for amounts in excess of par plus accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any.

The indenture provides that the trustee shall, within 90 days of the occurrence of a default known to it, give to the registered Holders of the Debentures notice of all uncured defaults known to it, but the trustee shall be protected in withholding such notice if it, in good faith, determines that the withholding of such notice is in the best interest of such registered Holders, except in the case of a default under any of the first five bullets above.

If certain events of default specified in the last bullet point above shall occur and be continuing, then automatically the principal amount of the Debentures then outstanding plus any accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, through such date shall become immediately due and payable. If any other event of default shall occur and be continuing (the default not having been cured or waived as provided under

Modification and Waiver below), the trustee or the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding may declare the Debentures due and payable at their principal amount plus any accrued and unpaid interest, including contingent interest, if any, and liquidated damages, if any, through such date and thereupon the trustee may, at its discretion, proceed to protect and enforce the rights of the Holders of Debentures by

appropriate judicial proceedings. Such declaration may be rescinded or annulled with the written consent of the Holders of a majority in aggregate principal amount of the Debentures then outstanding upon the conditions provided in the indenture.

The indenture contains a provision entitling the trustee, subject to the duty of the trustee during default to act with the required standard of care, to be indemnified by the Holders of Debentures before proceeding to exercise any right or power under the indenture at the request of such Holders. The indenture provides that the Holders of a majority in aggregate principal amount of the Debentures then outstanding, through their written consent, may direct the time,

**Table of Contents**

method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred upon the trustee.

We will be required to furnish annually to the trustee a statement as to the fulfillment of our obligations under the indenture.

**Modification and Waiver**

***Changes Requiring Approval of Each Affected Holder***

The indenture (including the terms and conditions of the Debentures) cannot be modified or amended without the written consent or the affirmative vote of the Holder of each Debenture affected by such change to:

change the maturity of any Debenture or the payment date of any installment of interest, contingent interest or liquidated damages payable on any Debentures;

reduce the principal amount of, or any interest, contingent interest or liquidated damages, redemption price, change of control repurchase price or repurchase price on, any Debenture;

impair or adversely affect the conversion rights of the Holders of Debentures;

change the currency of payment of such Debentures or interest, contingent interest or liquidated damages, redemption price, change of control repurchase price or repurchase price thereon;

alter the manner of calculation or rate of accrual of interest, contingent interest or liquidated damages, or extend the time for payment of any such amount or the redemption price, change of control repurchase price or repurchase price of any Debenture;

impair the right to institute suit for the enforcement of any payment on or with respect to, or conversion of, any Debenture;

except as otherwise permitted or contemplated by provisions concerning corporate reorganizations, adversely affect the repurchase option (including after a change of control) or the conversion rights of the Holders of the Debentures;

modify the redemption provisions of the indenture in a manner adverse to the Holders of Debentures;

reduce the percentage in aggregate principal amount of Debentures outstanding necessary to modify or amend the indenture or to waive any past default; or

reduce the percentage in aggregate principal amount of Debentures outstanding required for any other waiver under the indenture.

***Changes Requiring Majority Approval***

The indenture (including the terms and conditions of the Debentures) may be modified or amended, subject to the provisions described above, with the written consent of the Holders of at least a majority in aggregate principal amount of the Debentures at the time outstanding.

***Changes Requiring No Approval***

The indenture (including the terms and conditions of the Debentures) may be modified or amended by us and the trustee, without the consent of the Holder of any Debenture, for the purposes of, among other things:

adding to our covenants for the benefit of the Holders of Debentures;

surrendering any right or power conferred upon us;



providing for conversion rights of the Holders of Debentures if any reclassification or change of our common stock or any consolidation, merger or sale of all or substantially all of our assets occurs;

**Table of Contents**

providing for the assumption of our obligations to the Holders of Debentures in the case of a merger, consolidation, conveyance, transfer or lease;

increasing the conversion rate, provided that the increase will not adversely affect the interests of the Holders of Debentures;

complying with the requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act of 1939, as amended;

making any changes or modifications necessary in connection with the registration of the Debentures under the Securities Act as contemplated in the registration rights agreement; provided that such change or modification does not, in the good faith opinion of our board of directors and the trustee, adversely affect the interests of the Holders of Debentures in any material respect;

curing any ambiguity or correcting or supplementing any defective provision contained in the indenture; provided that such modification or amendment does not, in the good faith opinion of our board of directors and the trustee, adversely affect the interests of the Holders of Debentures in any material respect; or

adding or modifying any other provisions with respect to matters or questions arising under the indenture that we and the trustee may deem necessary or desirable and which, in the good faith opinion of our board of directors and the trustee, will not adversely affect the interests of the Holders of Debentures in any material respect; provided, that any addition or modification made solely to conform the provisions of the indenture to the description of the Debentures in the offering memorandum utilized in connection with the original issuance of the Debentures will not be deemed to adversely affect the interests of the Holders of the Debentures.

**Registration Rights**

We entered into a registration rights agreement with the initial purchaser for the benefit of the holders of the Debentures. Pursuant to the agreement, we have agreed, at our expense, to:

file with the Commission not later than the date 90 days after the earliest date of original issuance of any of the Debentures, a registration statement on such form as we deem appropriate covering resales by Holders of all Debentures and the common stock issuable upon conversion of the Debentures;

use our commercially reasonable efforts to cause such registration statement to become effective within 180 days after the earliest date of original issuance of any of the Debentures; and

use our commercially reasonable efforts to keep the registration statement effective until the earlier of:

- (1) two years after the last date of original issuance of any of the Debentures;
- (2) the date when all of the Debentures and the common stock issuable upon conversion of the Debentures have ceased to be outstanding (whether as a result of redemption, repurchase and cancellation, conversion or otherwise); or
- (3) the date when all of the Debentures and the common stock issuable upon conversion of the Debentures are disposed of pursuant to the registration statement or pursuant to Rule 144 under the Securities Act or any similar provision then in effect.

We have filed the registration statement of which this prospectus is a part to meet our obligations under the registration rights agreement. In order to sell Debentures or common stock pursuant to this registration statement, a holder must complete and deliver a questionnaire to us on or prior to the 10th business day before the effectiveness of the registration statement. Upon receipt of a completed questionnaire after effectiveness of the registration statement, we will, within 15 business days, file any amendments to the registration statement or supplements to the related prospectus as are necessary to permit the relevant holder to deliver a prospectus to purchaser of Debentures or common stock sold pursuant to the registration statement, provided, that if such notice is delivered during a

suspension period referred to below or within 15 business days prior to the commencement of such a suspension period, such amendments or supplements need not be filed until the 15th business day following the expiration of such suspension period, and provided, further, that we shall not be obligated to file more than one such amendment or supplement for all holders during a fiscal quarter and any such amendment or supplement shall be filed concurrently with the filing of our quarterly or annual reports under the Exchange Act or if a suspension period is in effect on the date of such filing,

**Table of Contents**

within 15 business days after the expiration of the suspension period. It will be a registration default and we will pay the predetermined liquidated damages described below to the holder if we fail to make the filing in the time required or, if such filing is a post-effective amendment to the shelf registration statement required to be declared effective under the Securities Act, if such amendment is not declared effective within 45 days of the filing.

In connection with the filing of this registration statement, we have agreed to:

provide to each Holder for whom the registration statement was filed copies of the prospectus that is a part of the registration statement upon request;

notify each such Holder when the registration statement has become effective;

notify each such Holder of the commencement of any suspension period (as described below); and

take certain other actions as are required to permit unrestricted resales of the Debentures and the common stock issuable upon conversion of the Debentures.

Each Holder who sells securities pursuant to the registration statement generally will be: required to be named as a selling Holder in the related prospectus;

required to deliver a prospectus to the purchaser;

subject to certain of the civil liability provisions under the Securities Act in connection with the Holder's sales; and

bound by the provisions of the registration rights agreement which are applicable to the Holder (including certain indemnification rights and obligations).

We may suspend the Holders' use of the prospectus for a period not to exceed 45 days in any 90-day period, and not to exceed an aggregate of 120 days in any 360-day period, if:

the prospectus would, in our judgment, contain a material misstatement or omission as a result of an event that has occurred and is continuing; and

we determine in good faith that the disclosure of this material non-public information would be detrimental to us and our subsidiaries.

However, if the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which we determine in good faith would be reasonably likely to impede our ability to consummate such transaction, we may extend the suspension period from 45 days to 60 days. In addition, if we deem it necessary to file a post-effective amendment to the registration statement in order to make changes to the information in the prospectus regarding the selling Holders or the plan of distribution, we may suspend sales under the registration statement until the date on which the post-effective amendment is declared effective by the Commission, provided, however, that any days in any such suspension period shall count towards the 45 and 120 day periods referred to in the previous paragraph. We need not specify the nature of the event giving rise to a suspension in any notice to Holders of the Debentures of the existence of such a suspension. Each Holder, by its acceptance of the Debentures, agrees to hold any notice by us of a suspension period in confidence.

We refer to each of the following as a registration default:

the registration statement has not been filed prior to or on the 90th day following the earliest date of original issuance of any of the Debentures; or

the registration statement has not been declared effective prior to or on the 180th day following the earliest date of original issuance of any of the Debentures, which we refer to as the effectiveness target date; or

we do not comply with our obligations to name a Holder as a selling security Holder in the prospectus or file a post-effective amendment or have such post-effective amendment declared effective within the required time periods as specified above; or

at any time after the effectiveness target date, the registration statement ceases to be effective or fails to be usable, other than as a result of a requirement to file a post-effective amendment or prospectus supplement to

**Table of Contents**

the registration statement in order to make changes to the information in the prospectus regarding the selling security Holders or the plan of distribution, and (1) we do not cure the lapse of effectiveness or usability of the registration statement within ten business days (or if a suspension period is then in effect, the tenth business day following the expiration of such suspension period) by a post-effective amendment, prospectus supplement or report filed pursuant to the Exchange Act or (2) if applicable, we do not terminate the suspension period, described in the preceding paragraph, by the 45th or 60th day, as the case may be or (3) if suspension periods exceed an aggregate of 120 days in any 360-day period.

If a registration default occurs (other than a registration default relating to a failure to file or have an effective registration statement with respect to the shares of common stock), cash liquidated damages will accrue on the Debentures that are transfer restricted securities, from and including the day following the registration default to but excluding the earlier of (1) the date on which the registration default has been cured and (2) the date the registration statement is no longer required to be kept effective. Liquidated damages will be paid semiannually in arrears on each April 15 and October 15, commencing on the first interest payment date following the registration default, and will accrue at a rate per year equal to:

0.25% of the principal amount of a Debenture to and including the 90th day following such registration default; and

0.50% of the principal amount of a Debenture from and after the 91st day following such registration default.

In no event will liquidated damages accrue at a rate per year exceeding 0.50%. In no event will liquidated damages accrue on the Debentures as a result of a registration default with respect to the common stock. If a Holder converts some or all of its Debentures into common stock when there exists a registration default with respect to the common stock, the Holder will not be entitled to receive liquidated damages on such common stock, but will receive additional shares upon conversion equal to 3% of the applicable conversion rate for each \$1,000 principal amount of Debentures (except to the extent we elect to deliver cash upon conversion). In addition, such Holder will receive, on the settlement date for any Debentures submitted for conversion during a registration default, accrued and unpaid liquidated damages to the conversion date relating to such settlement date. If a registration default with respect to the common stock occurs after a Holder has converted its Debentures into common stock, such Holder will not be entitled to any compensation with respect to such common stock.

If a registration statement covering the resales of the Debentures and common stock issuable upon conversion of the Debentures is not effective, these securities may not be sold or otherwise transferred except in accordance with the provisions set forth under *Transfer Restrictions*.

**Form, Denomination and Registration*****Denomination and Registration***

The Debentures will be issued in fully registered form, without coupons, in denominations of \$1,000 principal amount and integral multiples thereof.

***Global Debentures***

Debentures are evidenced by one or more global Debentures deposited with the trustee as custodian for DTC, and registered in the name of Cede & Co. as DTC's nominee.

Record ownership of the global Debentures may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee, except as set forth below. A Holder may hold its interests in the global Debentures directly through DTC if such Holder is a participant in DTC, or indirectly through organizations which are direct DTC participants if such Holder is not a participant in DTC. Transfers between direct DTC participants will be effected in the ordinary way in accordance with DTC's rules and will be settled in same-day funds. Holders may also beneficially own interests in the global Debentures held by DTC through certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a direct DTC participant, either directly or indirectly.

So long as Cede & Co., as nominee of DTC, is the registered owner of the global Debentures, Cede & Co. for all purposes will be considered the sole Holder of the global Debentures. Except as provided below, owners of beneficial interests in the global Debentures:

will not be entitled to have certificates registered in their names;

37

---

**Table of Contents**

will not receive or be entitled to receive physical delivery of certificates in definitive form; and

will not be considered Holders of the global Debentures.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability of an owner of a beneficial interest in a global security to transfer the beneficial interest in the global security to such persons may be limited.

We will wire, through the facilities of the trustee, payments of principal, interest, contingent interest, if any, liquidated damages, if any, the redemption price, change of control repurchase price or repurchase price on the global Debentures to Cede & Co., the nominee of DTC, as the registered owner of the global Debentures. None of us, the trustee or any paying agent will have any responsibility or be liable for paying amounts due on the global Debentures to owners of beneficial interests in the global Debentures.

It is DTC's current practice, upon receipt of any payment on the global Debentures, to credit participants' accounts on the payment date in amounts proportionate to their respective beneficial interests in the Debentures represented by the global Debentures, as shown on the records of DTC, unless DTC believes that it will not receive payment on the payment date. Payments by DTC participants to owners of beneficial interests in Debentures represented by the global Debentures held through DTC participants will be the responsibility of DTC participants, as is now the case with securities held for the accounts of customers registered in street name.

If you would like to convert your Debentures into common stock pursuant to the terms of the Debentures, you should contact your broker or other direct or indirect DTC participant to obtain information on procedures, including proper forms and cut-off times, for submitting those requests and effecting delivery of such Debentures on DTC's records.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants and other banks, your ability to pledge your interest in the Debentures represented by global Debentures to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate.

We will issue the Debentures in definitive certificated form if DTC notifies us that it is unwilling or unable to continue as depository or DTC ceases to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended and a successor depository is not appointed by us within 90 days. In addition, beneficial interests in a global Debenture may be exchanged for definitive certificated Debentures upon request by or on behalf of DTC in accordance with customary procedures. The indenture permits us to determine at any time and in our sole discretion that Debentures shall no longer be represented by global Debentures. DTC has advised us that, under its current practices, it would notify its participants of our request, but will only withdraw beneficial interests from the global Debentures at the request of each DTC participant. We would issue definitive certificates in exchange for any such beneficial interests withdrawn.

Neither we nor the trustee (nor any registrar, paying agent or conversion agent under the indenture) will have any responsibility for the performance by DTC or direct or indirect DTC participants of their obligations under the rules and procedures governing their operations. DTC has advised us that it will take any action permitted to be taken by a Holder of Debentures, including, without limitation, the presentation of Debentures for conversion or repurchase as described above, only at the direction of one or more direct DTC participants to whose account with DTC interests in the global Debentures are credited and only for the principal amount of the Debentures for which directions have been given.

DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act, as amended. DTC was created to hold securities for DTC participants and to facilitate the clearance and settlement of securities transactions between DTC participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations, such as the initial purchaser of the Debentures. Certain DTC participants or their representatives, together with other entities, own



DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global Debentures among DTC participants, it is under no obligation to perform or continue to perform such procedures, and

**Table of Contents**

such procedures may be discontinued at any time. None of us, the trustee or any of their respective agents will have any responsibility for the performance by DTC or direct or indirect DTC participants of their obligations under the rules and procedures governing their operations, including maintaining, supervising or reviewing the records relating to or payments made on account of beneficial ownership interests in global Debentures.

According to DTC, the foregoing information with respect to DTC has been provided to its participants and other members of the financial community for information purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

***Restrictions on Transfer; Legends***

The Debentures and common stock issuable upon conversion of the Debentures will be subject to certain restrictions on transfer set forth on the Debentures and in the indenture, and certificates evidencing the Debentures will bear the legend regarding such transfer restrictions set forth under *Transfer Restrictions*.

**Governing Law**

The indenture and the Debentures are governed by, and construed in accordance with, the laws of the State of New York.

**Information Concerning the Trustee**

US Bank, as trustee under the indenture, has been appointed by us as paying agent, conversion agent, calculation agent, registrar and custodian with regard to the Debentures. Equiserv is the transfer agent and registrar for our common stock. The trustee or its affiliates may from time to time in the future provide banking and other services to us in exchange for a fee.

**Rule 144A Information Request**

We will furnish to the Holders or beneficial Holders of the Debentures or the underlying common stock and prospective purchasers, upon their request, the information required under Rule 144A(d)(4) under the Securities Act until such time as such securities are no longer restricted securities within the meaning of Rule 144 under the Securities Act, assuming these securities have not been owned by an affiliate of ours.

**Calculations in Respect of Debentures**

The trustee, as calculation agent, will be responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determination of the trading prices of the Debentures and of our common stock. The calculation agent will make all these calculations in good faith and, absent manifest error, their calculations will be final and binding on Holders of Debentures.

**DESCRIPTION OF CAPITAL STOCK**

Our authorized capital stock consists of 60 million shares of common stock, par value \$0.02 per share and 10 million shares of preferred stock, par value \$0.02 per share. As of September 30, 2005, we had approximately 35.6 million shares of common stock issued and outstanding, and an additional approximately 13.6 million shares reserved for issuance under options, warrants and convertible securities (including the potential conversion of these debentures into shares of common stock). The following summary description of our capital stock does not purport to be complete and is subject to the detailed provisions of, and is qualified in its entirety by reference to, the Certificate of Incorporation and Bylaws, copies of which have been filed or incorporated by reference as exhibits hereto, and to the applicable provisions of the General Corporation Law of the State of Delaware (the *DGCL* ).

**Common Stock**

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Subject to the rights of any holders of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available. Since our inception, no dividends have been paid on the common stock. Certain of our credit facilities contain restrictions on the payment of dividends. In the event of a liquidation, dissolution or winding up, holders of the common stock are entitled to share ratably in the distribution of all assets remaining after payment of liabilities, subject to the rights of any holders of preferred stock. The holders of common stock have no preemptive rights to subscribe for additional shares of common stock and no right to convert their common stock into any other securities. In addition, there are no

**Table of Contents**

redemption or sinking fund provisions applicable to the common stock. All the outstanding shares of common stock are fully paid and non-assessable.

**Preferred Stock**

The Board of Directors is authorized, without further action by the stockholders, to issue any or all shares of authorized preferred stock as a class without series or in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series. The issuance of preferred stock could adversely affect the voting power of holders of common stock and could have the effect of delaying, deferring or impeding a change in control of us. The Board of Directors has authorized the issuance of Series A Junior preferred stock, as described below.

**Certain Provisions Our Certificate of Incorporation and Bylaws**

Certain provisions of our Certificate of Incorporation and Bylaws summarized below may be deemed to have an anti-takeover effect and may delay, defer or make more difficult a takeover attempt that a stockholder might consider in its best interest. Set forth below is a description of certain provisions of our Certificate of Incorporation and Bylaws.

The Certificate of Incorporation provides that our Board of Directors be divided into three classes of directors serving staggered three-year terms. The classes of directors will be as nearly equal in number as possible. Accordingly, approximately one-third of our Board of Directors will be elected each year. The Certificate of Incorporation provides that the number of directors will be determined by the Board of Directors. To amend such provision, the affirmative vote of 80% of our shareholders is required.

Our Certificate of Incorporation provides that no director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of laws, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases pursuant to Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. The effect of these provisions is to eliminate the rights of us and our stockholders (through stockholders derivative suits on behalf of us) to recover monetary damages against a director for breach of fiduciary duty as a director (including breaches resulting from grossly negligent behavior), except in the situations described above. These provisions may not limit the liability of directors under federal securities laws.

**Section 203 of Delaware General Corporation Law**

Section 203 of the DGCL prohibits certain transactions between a Delaware corporation and an interested stockholder, which is defined as a person who, together with any affiliates or associates of such person, beneficially owns, directly or indirectly, 15% or more of the outstanding voting shares of a Delaware corporation. This provision prohibits certain business combinations (defined broadly to include mergers, consolidations, sales or other dispositions of assets having an aggregate value in excess of 10% of the consolidated assets of the corporation, and certain transactions that would increase the interested stockholder's proportionate share ownership in the corporation) between an interested stockholder and a corporation for a period of three years after the date the interested stockholder becomes an interested stockholder, unless (i) the business combination is approved by the corporation's board of directors prior to the date the interested stockholder becomes an interested stockholder, (ii) the interested stockholder acquired at least 85% of the voting stock of the corporation (other than stock held by directors who are also officers or by certain employee stock plans) in the transaction in which it becomes an interested stockholder or (iii) the business combination is approved by a majority of the board of directors and by the affirmative vote of 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

**Preferred Stock Purchase Rights**

On March 20, 2003, our Board of Directors approved a Rights Agreement (as amended from time to time, the Rights Agreement) between us and EquiServe Trust Company, N.A. (the Rights Agent), as Rights Agent. In connection with its approval of the Rights Agreement, the Board of Directors also declared a dividend of one right for each outstanding share of our common stock, payable on April 4, 2003 to stockholders of record at the close of business on March 27, 2003. On November 28, 2003, we amended the Rights Agreement in connection with an

agreement entered into between us and Fletcher International, Ltd. on November 20, 2003. This amendment became effective on November 28, 2003. The amendment excludes Fletcher International, Ltd. and its affiliates from the definition of Acquiring Person under certain conditions.

**Table of Contents**

Each right generally entitles the holder to purchase one one-thousandth (1/1,000) of a share (a Unit) of our Series A Junior preferred stock at a price of \$57.00 per Unit upon certain events. The purchase price and amount and form of consideration to be issued upon exercise are subject to appropriate adjustment for stock splits and other events. Generally, the rights are not exercisable until the Distribution Date (as defined below). The rights are redeemable under certain circumstances at \$0.01 per right and will expire, unless earlier redeemed, on April 3, 2013.

The rights will not prevent a takeover of us. However, the rights may cause substantial dilution to a person or group that acquires 15% or more of the common stock, unless the rights are first redeemed by the Board of Directors or an exchange occurs (as described below). Nevertheless, the rights should not interfere with a transaction that is in the best interests of us and our stockholders because the rights can be redeemed, or an exchange can be effected, before the consummation of such transaction.

The complete description and terms of the rights are set forth in the Rights Agreement, which was filed as an exhibit to a Current Report on Form 8-K filed by us with the Securities and Exchange Commission.

**Description of Rights; Purchase Price**

Each right entitles the registered holder to purchase from us, under certain circumstances, one Unit, which consists of one one-thousandth (1/1,000) of a share of our Series A Junior preferred stock, par value \$.02 per share (the Series A Preferred Stock), at a purchase price of \$57.00 per Unit upon certain events. The purchase price and amount and form of consideration to be issued upon exercise are subject to appropriate adjustment for stock splits and other events.

***Voting***

Each Unit shall entitle the holder thereof to one vote on all matters submitted to a vote of our stockholders, voting together with holders of common stock as one class on all such matters. Holders of Units shall not have the right to cumulate their votes in the election of our directors, and will have the same voting rights and limitations applicable to holders of common stock as set forth in our Certificate of Incorporation, as amended.

***Dividends***

Each Unit shall entitle the holder thereof to receive dividends, when, as and if declared by the Board of Directors out of funds legally available therefor and only after payment of, or provision for, full dividends on all outstanding shares of any senior series of preferred stock and after we have made provision for any required sinking or purchase funds for any series of preferred stock, on a pari passu basis with dividend rights of the common stock.

***Liquidation***

In the event of our voluntary or involuntary liquidation, dissolution or winding up, holders of Units shall be entitled to share equally and ratably in all of the assets remaining, if any, after satisfaction of (i) all of our debts and liabilities, and (ii) the preferential rights of any senior series of preferred stock, but before any such liquidation distributions are paid in respect of common stock.

***Mergers***

In the event of any merger, consolidation or other transaction in which common stock is changed or exchanged, holders of Units will be entitled to receive the same consideration received per share of common stock. These rights are protected by customary antidilution provisions (see Adjustments, below). Although the rights are redeemable, Units of Series A Preferred Stock purchasable upon exercise of the rights will not be redeemable.

Because a Unit is equal to one one-thousandth (1/1,000) of a share of Series A Preferred Stock, a holder of one full share of Series A Preferred Stock generally would be entitled to dividend, liquidation and voting rights equal to one thousand (1,000) times the dividend, liquidation and voting rights of one share of common stock. Because of the nature of the Units' dividend, liquidation and voting rights, the value of one one-thousandth (1/1,000) of a share of Series A Preferred Stock purchasable upon exercise of each right should approximate the value of one share of common stock.

**Exercisability of Rights; Expiration Date**

The rights are not exercisable until the Distribution Date (as defined below), and will expire at the close of business on April 3, 2013 (the Final Expiration Date) unless the rights are earlier redeemed or exchanged by us, all as described below.



**Table of Contents****Triggering Events; Distribution Date**

The rights will be exercisable only upon the earlier of: (i) 10 business days following a public announcement (the Stock Acquisition Date ) that a person or group of affiliated or associated persons has become an Acquiring Person and (ii) 10 business days following the commencement of a tender offer or exchange offer that would result in such person or group becoming an Acquiring Person (the Distribution Date ).

Generally, any person (including affiliates and associates) or group which acquires beneficial ownership or 15% or more of the then outstanding common stock is an Acquiring Person . The following persons who meet this definition will not become Acquiring Persons: (i) us, (ii) any of our subsidiaries, (iii) any employee benefit plan of us or of any of our subsidiaries, or any person or entity organized, appointed or established by us for or pursuant to the terms of any such plan, (iv) Fletcher International, Ltd., together with all of its affiliates (collectively, Fletcher ), but only so long as (A) the common stock beneficially owned by Fletcher is limited to the common stock Fletcher acquires or is permitted to acquire under the terms of the agreement with Fletcher and related certificate and (B) Fletcher 's beneficial ownership (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended and in effect on the date of the Rights Agreement, of common stock does not at any time exceed 14.99% of the then outstanding common stock, (v) any person that became the beneficial owner of 15% or more of the outstanding common stock as a result of a decrease in the number of outstanding shares of common stock caused by a transaction approved by the Board of Directors, and (vi) any person who has reported or is required to report such ownership on Schedule 13G under the Exchange Act (or any comparable or successor report) or on Schedule 13D under the Exchange Act (or any comparable or successor report) which Schedule 13G or Schedule 13D does not state any intention to or reserve the right to control or influence our management or policies or engage in any of the actions specified in Item 4 of such schedule (other than the disposition of the common stock) and, within 10 business days of being requested by us to advise it regarding the same, certifies to us that such person acquired shares of common stock in excess of 15% inadvertently or without knowledge of the terms of the rights and who, together with all affiliates and associates, thereafter does not acquire any additional shares of common stock while being the beneficial owner of 15% or more of the shares of common stock then outstanding.

**Flip In Rights**

In the event that any person or group becomes an Acquiring Person (a Flip-In Triggering Event ), each right will automatically convert into a right to buy common stock rather than Series A Preferred Stock. As such, each holder of a right will thereafter have the right to purchase our common stock (or, in certain circumstances, cash, property or other securities) having a value equal to two times the exercise price of the right, or in other words, effectively at one-half of our then-current common stock price. However, any rights associated with common stock acquired by an Acquiring Person will be void, and such Acquiring Person will not be able to exercise the rights to purchase additional common stock. Rights are not exercisable following the occurrence of a Flip-In Triggering Event until such time as the rights are no longer redeemable by us, as described below.

The following is an example of how exercise of the rights would work, assuming an exercise price of \$30 per right and a then-current market price for our common stock of \$10.

*Example:* At an exercise price of \$30 per right, each right (excluding those owned by an Acquiring Person) would be multiplied by the number of Units of Series A Preferred Stock into which the right was exercisable 1. That number ( $\$30 \times 1 = \$30$ ) is then divided by 50% of the then-current market price of our stock (50% of \$10 = \$5) thus, \$30 divided by 5 equals 6, which is the number of shares of our common stock received for each right. Thus, for each \$30 purchase price, each holder would receive 6 shares of our common stock, which would have an aggregate value of \$60 twice the \$30 purchase price.

**Flip Over**

In the event that, at any time following the Flip-In Triggering Event: (i) we are acquired in a merger or other business combination transaction, or (ii) more than 50% of our assets or earning power is sold or transferred, each holder of a right (except voided rights held by the Acquiring Person) shall have the right to purchase common stock of the Acquiring Person having a value equal to two times the exercise price of the right. The formula for a Flip-Over purchase is the same as used for a Flip-In Triggering Event, only utilizing the market price of the Acquiring Person 's stock.

**Transfer and Detachment of Rights**

The rights were attached to all common stock certificates representing common stock outstanding at the close of business on March 27, 2003, and no separate rights certificates will be distributed. The rights will separate from the



**Table of Contents**

common stock upon a Distribution Date. Until the Distribution Date: (i) the rights will be evidenced by the common stock certificates and will be transferred with and only with such common stock certificates, (ii) new common stock certificates issued after March 11, 2003 contain a legend and notation incorporating the Rights Agreement by reference and (iii) the surrender for transfer of any certificates for common stock outstanding will also constitute the transfer of the rights associated with the common stock represented by such certificate. Except as otherwise determined by the Board of Directors, only shares of common stock issued prior to the Distribution Date will be issued with rights.

As soon as practicable after a Distribution Date, rights certificates will be mailed to holders of record of the common stock as of the close of business on the Distribution Date and, thereafter, the separate rights certificates alone will represent the rights. Any registered holder desiring to transfer, split up, combine or exchange any rights certificate must make such request in writing to the rights Agent, and shall surrender the rights certificate to be transferred, split up, combined or exchanged at the principal office or offices of the rights Agent. Neither the rights Agent nor us shall be obligated to take any action whatsoever regarding the transfer of any such surrendered rights certificate until the registered holder has completed and signed the certificate contained in the form of assignment on the reverse side of the rights certificate and has provided such additional information about the identity of the parties involved, as we may reasonably request. Thereupon the Rights Agent shall, subject to certain restrictions contained in the Rights Agreement regarding certain entities acquiring 15% or more of our common stock, countersign and deliver to the person entitled a rights certificate or rights certificates, as the case may be, as so requested. We may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of rights certificates.

**Adjustments**

The purchase price payable, and the number of Units or other securities or property issuable, upon exercise of the rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series A Preferred Stock, (ii) if holders of the Series A Preferred Stock are granted certain rights or warrants to subscribe for Series A Preferred Stock, or shares having the same rights, preferences and privileges as the Series A Preferred Stock, or convertible securities at less than the current market price of the Series A Preferred Stock, or (iii) upon the distribution to holders of the Series A Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

The number of outstanding rights, and the number of Units or other securities or property issuable, upon exercise of the rights are subject to adjustment from time to time in the event that we (i) declare a dividend on the outstanding shares of common stock payable in shares of common stock, (ii) subdivide the outstanding shares of common stock, or (iii) combine the outstanding shares of common stock into a smaller number of shares.

With certain exceptions, no adjustment in the purchase price will be required until cumulative adjustments amount to at least 1% of the purchase price. No fractional Units will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Series A Preferred Stock on the last trading date prior to the date of exercise.

**Redemption**

In general, at any time prior to the earlier of (i) the close of business on the 10th business day following a Stock Acquisition Date, or (ii) the Final Expiration Date, we may redeem the rights in whole, but not in part, at a price of \$.01 per right. Immediately upon the action of the Board of Directors ordering redemption of the rights, the rights will terminate and the only right of the holders of rights will be to receive the redemption price.

**Exchange**

In general, at any time after a person becomes an Acquiring Person, and prior to the acquisition by such person or group of 50% or more of the outstanding common stock, the Board of Directors may exchange all or part of the then outstanding rights (other than rights owned by such person or group which have become void) for common stock at an exchange ratio of one share of common stock per right (or in certain circumstances preferred stock), subject to applicable adjustments.

**No Stockholder Rights for Right Holders**

Until a right is exercised, the holder thereof will have no rights as a stockholder relating to the rights, including, without limitation, the right to vote, receive dividends or any distributions upon liquidation.

**Tax Consequences**

**Table of Contents**

While the distribution of the rights will not be taxable to stockholders or to us, stockholders may, depending upon the circumstances, recognize taxable income in the event that the rights became exercisable for our common stock (or other consideration) or for common stock of the acquiring company as set forth above.

**Amendments**

The Rights Agreement may be amended by the Board of Directors prior to the Distribution Date. After the Distribution Date, the Rights Agreement may be amended by the Board of Directors in order to cure any ambiguity, to correct or supplement any defective or inconsistent provisions, to make any necessary or desirable changes that do not adversely affect the interests of holders of rights, or to shorten or lengthen any time period under the Rights Agreement; provided, however, that no amendment to adjust the time period governing redemption shall be made at such time as the rights are not redeemable and any amendment to lengthen any other time period must be for the purpose of protecting, enhancing or clarifying the rights of or benefits to the holders of rights.

**Table of Contents****CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

To ensure compliance with IRS requirements, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. Any potential Holder of the Debentures or shares of our common stock should seek advice based on such taxpayer's particular circumstances from an independent tax advisor.

The following is a summary of certain U.S. federal income tax considerations to Holders relating to the purchase, ownership and disposition of the Debentures or shares of our common stock. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), existing and proposed Treasury Regulations, and judicial decisions and administrative interpretations thereunder, as of the date hereof, all of which are subject to change or different interpretations, possibly with retroactive effect. We cannot assure you that the Internal Revenue Service (the IRS) will not challenge one or more of the tax results described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the federal tax consequences of acquiring, holding or disposing of the Debentures or shares of our common stock.

This discussion is limited to Holders of Debentures who purchase the Debentures in connection with their original issue from the initial purchaser at the issue price of the Debentures (as described below) and who hold the Debentures and any shares of our common stock into which the Debentures are converted as capital assets within the meaning of the Code.

This discussion does not contain a complete analysis of all the potential tax considerations relating to the purchase, ownership and disposition of the Debentures or shares of our common stock. In particular, this discussion does not address all tax considerations that may be important to you in light of your particular circumstances (such as the alternative minimum tax provisions) or under certain special rules. Special rules may apply, for instance, to certain financial institutions, insurance companies, tax-exempt organizations, regulated investment companies, securities dealers and other persons that mark-to-market, U.S. Holders (as defined herein) whose functional currency for U.S. federal income tax purposes is not the United States dollar, persons who hold Debentures or shares of our common stock as part of a hedge, conversion, constructive sale transaction, straddle or other integrated or risk reduction transaction, or persons who have ceased to be United States citizens or be taxed as resident aliens. In addition, the discussion does not apply to Holders of Debentures or shares of our common stock that are partnerships. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Debentures or shares of our common stock into which the Debentures are converted, the treatment of a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. A Holder of Debentures that is a partnership and partners in such partnership should consult their own tax advisors about the U.S. federal income tax consequences of holding and disposing of the Debentures or shares of our common stock into which the Debentures are converted. This discussion also does not address the tax consequences arising under federal estate or gift tax laws or the laws of any foreign, state or local jurisdiction.

**PLEASE CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF ACQUIRING, HOLDING, CONVERTING OR OTHERWISE DISPOSING OF THE DEBENTURES AND SHARES OF OUR COMMON STOCK, INCLUDING THE EFFECT AND APPLICABILITY OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES FEDERAL OR OTHER TAX LAWS.**

**Tax Consequences to U.S. Holders*****U.S. Holders***

As used herein, the term "U.S. Holder" means a beneficial owner of a Debenture that is, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or

an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

***Classification of the Debentures***

**Table of Contents**

We intend to treat the Debentures as indebtedness for U.S. federal income tax purposes that will be subject to the special regulations governing contingent payment debt instruments (referred to as the Contingent Debt Regulations ). Under the terms of the indenture governing the Debentures, we and each Holder of the Debentures agree, for U.S. federal income tax purposes, to treat the Debentures as debt instruments that are subject to the Contingent Debt Regulations, and the remainder of this discussion assumes that the Debentures will be so treated. In addition, under the indenture, each Holder will be deemed to have agreed to treat the fair market value of our common stock received by such Holder upon conversion as a contingent payment and to recognize amounts as interest income treated as original issue discount under the Code with respect to the Debentures for U.S. federal income tax purposes according to the noncontingent bond method, set forth in section 1.1275-4(b) of the Contingent Debt Regulations, using the comparable yield (as defined below) determined by us.

The IRS has issued a revenue ruling with respect to instruments having certain features similar to the Debentures. However, the application of the Contingent Debt Regulations to instruments such as the Debentures is uncertain in several respects, and, as a result, no assurance can be given that the IRS or a court will agree with the treatment described herein. Any differing treatment could affect the amount, timing and character of income, gain or loss in respect of an investment in the Debentures. In particular, a Holder might be required to accrue interest income at a higher or lower rate, might not recognize income, gain or loss upon conversion of the Debentures into shares of our common stock, and might recognize capital gain or loss upon a taxable disposition of the Debentures. Holders should consult their tax advisors concerning the tax treatment of holding and disposing of the Debentures.

In this regard, it should be noted that, in 2002, the IRS sought comments in Notice 2002-36 regarding the tax classification and treatment of convertible debt instruments under the Contingent Debt Regulations. In this Notice, the IRS acknowledged that subtle changes to the terms of an instrument could effectively make use of the non-contingent bond method under the contingent debt regulations elective. Moreover, the IRS acknowledged that there is considerable uncertainty about the tax consequences of convertible debt instruments that are widely used and broadly traded in the capital markets. The IRS invited comments on several issues, including whether the exclusion from the noncontingent bond method for convertible debt instruments without other contingencies should be eliminated, expanded or modified and whether the rule that remote and incidental contingencies are disregarded in determining whether a debt instrument is a contingent debt instrument should be modified. The IRS has not issued any guidance pursuant to the request for comments set forth in Notice 2002-36. The Notice clearly sets forth, however, the scope of uncertainty with respect to instruments such as the Debentures. Accordingly, any potential Holder of the Debentures is encouraged to consult their tax counsel regarding the tax treatment of the Debentures in their hands.

***Accrual of Interest on the Debentures***

Pursuant to the Contingent Debt Regulations, a U.S. Holder will be required, regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting, to accrue an amount of ordinary interest income as original issue discount at the comparable yield (which will be substantially in excess of the interest payments actually received in that year).

A U.S. Holder must accrue an amount of ordinary income, as interest income treated as original issue discount for U.S. federal income tax purposes, for each accrual period prior to and including the maturity date of the Debentures that equals:

- (1) the product of (i) the adjusted issue price (as defined below) of the Debentures as of the beginning of the accrual period, and (ii) the comparable yield (as defined below) of the Debentures, adjusted for the length of the accrual period;
- (2) divided by the number of days in the accrual period; and
- (3) multiplied by the number of days during the accrual period that the U.S. Holder held the Debentures.

The Debentures issue price is the first price at which a substantial amount of the Debentures is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a Debenture is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the projected amount of any projected payments (as defined below) previously made (including payments of stated cash interest) with respect to the Debentures.

Unless certain conditions are met, the term comparable yield means the annual yield we would pay, as of the initial issue date, on a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise comparable to those of the Debentures. We have determined that the comparable yield for the Debentures is 8.50%,

**Table of Contents**

compounded semi-annually. The precise manner of calculating the comparable yield, however, is not entirely clear. If the comparable yield were successfully challenged by the IRS, the redetermined yield could differ materially from the comparable yield provided by us. Moreover, the projected payment schedule could differ materially from the projected payment schedule provided by us.

The Contingent Debt Regulations require that we provide to U.S. Holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments, which we refer to as projected payments, on the Debentures. This schedule must produce a yield to maturity that equals the comparable yield. The projected payment schedule includes the semi-annual stated cash interest payable on the Debentures at the rate of 3.50% per annum, estimates for certain contingent interest payments and an estimate for a payment at maturity taking into account the conversion feature. In this connection, the fair market value of any common stock (and cash, if any) received by a Holder upon conversion will be treated as a contingent payment.

U.S. Holders may obtain the projected payment schedule by submitting a written request for such information to: Euronet Worldwide, Inc., 4601 College Blvd., Suite 300, Leawood, Kansas 66211.

**THE COMPARABLE YIELD AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF THE INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE DEBENTURES FOR U.S. FEDERAL INCOME TAX PURPOSES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE ON THE DEBENTURES.**

Amounts treated as interest under the Contingent Debt Regulations are treated as original issue discount for all purposes of the Code.

***Adjustment to Interest Accruals on the Debentures***

As noted above, the projected payment schedule includes amounts attributable to the stated semi-annual cash interest payable on the Debentures. Accordingly, the receipt of the stated semi-annual cash interest payments will not be separately taxable to U.S. Holders. If, during any taxable year, a U.S. Holder receives actual payments with respect to the Debentures for that taxable year that in the aggregate exceed the total amount of projected payments for that taxable year, the U.S. Holder will incur a net positive adjustment under the Contingent Debt Regulations equal to the amount of such excess. The U.S. Holder will treat a net positive adjustment as additional interest income. For this purpose, the payments in a taxable year include the fair market value of property received in that year, including the fair market value of our common stock received upon conversion.

If a U.S. Holder receives in a taxable year actual payments with respect to the Debentures for that taxable year that in the aggregate are less than the amount of projected payments for that taxable year, the U.S. Holder will incur a net negative adjustment under the Contingent Debt Regulations equal to the amount of such deficit. This adjustment will (a) first reduce the U.S. Holder's interest income on the Debentures for that taxable year, and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Debentures during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments. A negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous itemized deductions under Section 67 of the Code. Any negative adjustment in excess of the amounts described in (a) and (b) will be carried forward and treated as a negative adjustment in the succeeding taxable year and will offset future interest income accruals in respect of the Debentures or will reduce the amount realized on the sale, exchange, repurchase by us at the Holder's option, conversion, redemption or retirement of the Debentures.

***Sale, Exchange, Repurchase, Conversion, Redemption or Retirement of the Debentures***

Generally, the sale or exchange of a Debenture, the purchase of a Debenture by us at the Holder's option, or the redemption or retirement of a Debenture for cash, will result in taxable gain or loss to a U.S. Holder. As described above, our calculation of the comparable yield and the schedule of projected payments for the Debentures includes the receipt of common stock upon conversion as a contingent payment with respect to the Debentures. Accordingly, we intend to treat the receipt of our common stock by a U.S. Holder upon the conversion of a Debenture as a contingent payment under the Contingent Debt Regulations. Under this treatment, conversion also would result in taxable gain or loss to the U.S. Holder. As described above, Holders will be deemed to have agreed to be bound by our determination of the comparable yield and the schedule of projected payments.



The amount of gain or loss on a taxable sale, exchange, repurchase by us at the Holder's option, conversion, redemption or retirement would be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. Holder, including the fair market value of any of our common stock received,

**Table of Contents**

and (b) the U.S. Holder's adjusted tax basis in the Debenture. A U.S. holder's adjusted tax basis in a Debenture will generally be equal to the U.S. holder's original purchase price for the Debenture, increased by any interest income previously accrued by the U.S. Holder (determined without regard to any adjustments to interest accruals described above), and decreased by the amount of any projected payments that have been previously scheduled in respect of the Debentures to the U.S. Holder (without regard to the actual amount paid). Gain recognized upon a sale, exchange, repurchase by us at the Holder's option, conversion, redemption or retirement of a Debenture will generally be treated as ordinary interest income; any loss will be ordinary loss to the extent of net original issue discount inclusions, and thereafter, capital loss (which will be long-term if the Debenture is held for more than one year). The deductibility of capital losses by individuals and corporations is subject to limitations.

A U.S. Holder's tax basis in our common stock received upon a conversion of a Debenture will equal the then current fair market value of such common stock. The U.S. Holder's holding period for the common stock received will commence on the day immediately following the date of conversion.

Given the uncertain tax treatment of instruments such as the Debentures, you should contact your tax advisors concerning the tax treatment on conversion of a Debenture and the ownership of our common stock.

***Adjustment of Conversion Rate***

If at any time we make a distribution of property to shareholders that would be taxable to such shareholders as a dividend for U.S. federal income tax purposes (for example, distributions of cash, evidences of indebtedness or assets of ours, but generally not stock dividends or rights to subscribe for our common stock) and, pursuant to the anti-dilution provisions of the indenture, the conversion rate of the Debentures is increased, such increase will be deemed to be the payment of a taxable stock dividend to you. If the conversion rate is increased at our discretion or in certain other circumstances, such increase also may be deemed to be the payment of a taxable dividend to you, notwithstanding the fact that you do not receive a cash payment. In certain circumstances, the failure to make an adjustment of the conversion rate under the indenture may result in a taxable distribution to Holders of our common stock. Any deemed distribution will be taxable as a dividend, return of capital or capital gain in accordance with the tax rules applicable to corporate distributions, but may not be eligible for the reduced rates of tax applicable to certain dividends paid to individual Holders nor to the dividends-received deduction applicable to certain dividends paid to corporate Holders.

***Ownership and Disposition of Shares of Our Common Stock***

Distributions, if any, paid on shares of our common stock generally will be includable in your income as ordinary income to the extent made from our current or accumulated earnings and profits. Such distributions will be eligible for the dividends-received deduction in the case of a corporate Holder that meets certain holding period and other applicable requirements, and will qualify for taxation at reduced rates in the case of an individual Holder (effective for tax years beginning before January 1, 2009) if the Holder meets certain holding period and other requirements. Upon the sale, exchange or other disposition of shares of our common stock, you generally will recognize capital gain or capital loss equal to the difference between the amount realized on such sale or exchange and your adjusted tax basis in such shares. You should consult your tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals) and losses (the deductibility of which is subject to limitations).

***Backup Withholding and Information Reporting***

Non-exempt U.S. Holders may be subject to information reporting with respect to certain reportable payments, including payments of principal and interest on the Debentures, dividends on our common stock and the proceeds of the sale or other disposition of the Debentures or shares of our common stock. Payments of interest or dividends made by us on, or the proceeds of the sale or other disposition of, the Debentures or shares of our common stock may be subject to federal backup withholding tax if the recipient of such payment fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable United States information reporting or certification requirements. Any amount withheld from a payment to a Holder under the backup withholding rules is allowable as a credit against the Holder's U.S. federal income tax, provided that the required information is furnished to the IRS.

***Tax Consequences to Non-U.S. Holders***

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Debenture or our common stock that is, for U.S. federal income tax purposes:

(A) an individual who is classified as a nonresident alien for U.S. federal income tax purposes;

**Table of Contents**

- (B) a foreign corporation; or
- (C) a nonresident alien fiduciary of a foreign estate or trust.

***Income and Withholding Tax on the Debentures***

Except as described below with respect to constructive dividends on the Debentures described below, all payments on the Debentures made to a Non-U.S. Holder, including a payment in our common stock or cash pursuant to a conversion, exchange or retirement and any gain realized on a sale of the Debentures, will not be subject to the 30% U.S. federal income and withholding tax, provided that:

the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership and is not a bank receiving certain types of interest,

the certification requirement described below has been fulfilled with respect to the Non-U.S. Holder,

such payments are not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States, and

in the case of gain realized on the sale, conversion, exchange or retirement of the Debentures we are not, and have not been within the shorter of the five-year period preceding such sale, conversion, exchange or retirement and the period the Non-U.S. Holder held the Debentures, a U.S. real property holding corporation.

The certification requirement referred to above will be fulfilled if either (a) the beneficial owner of a Debenture certifies to the applicable payer or its agent, under penalties of perjury, that it is not a U.S. person and provides its name and address on IRS Form W-8BEN (or a suitable substitute form); or (b) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a financial institution) and holds the Debenture, certifies under penalties of perjury that such a Form W-8BEN (or a suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Generally, a corporation is a U.S. real property holding corporation under the FIRPTA rules if the fair market value of its U.S. real property interests, as defined in the Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We currently are not a U.S. real property holding corporation and do not intend to become one in the future. However, no assurance can be given that we will not become a U.S. real property holding corporation in the future. If we are determined to be a U.S. real property holding corporation, then an exemption would generally apply to a Non-U.S. Holder who at no time actually or constructively owned more than 5% of the outstanding Debentures or more than 5% of our outstanding common stock, assuming our common stock continues to be regularly traded on an established securities market, as prescribed by Treasury regulations.

If a Non-U.S. Holder of a Debenture is engaged in a trade or business in the United States, and if payments on the Debenture are effectively connected with the conduct of this trade or business (or, where a treaty applies, attributable to a U.S. permanent establishment), the Non-U.S. Holder, although exempt from U.S. withholding tax, will generally be taxed in the same manner as a U.S. Holder (see general discussion of federal income tax considerations to U.S. Holders above), except that the Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. These Non-U.S. Holders should consult their own tax advisers with respect to other tax consequences of the ownership of the Debentures, including the possible imposition of a 30% branch profits tax or, if applicable, a lower treaty rate.

***Dividends and Constructive Dividends***

Dividends (including deemed dividends on Debentures described above under -Tax Consequences to U.S. Holders-Adjustment of Conversion Rate) if any, paid to a Non-U.S. Holder of our common stock generally will be subject to U.S. withholding tax at a 30% rate, subject to reduction under an applicable treaty. In order to obtain a reduced rate of withholding, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits under a treaty. It is possible that U.S. federal tax on the constructive dividend

would be withheld from subsequent interest or principal payments made to the Non-U.S. Holder of the Debentures. A Non-U.S. Holder who is subject to withholding tax under such circumstances should consult his own tax adviser as to whether he can obtain a refund of all or a portion of the withholding tax. Except to the extent otherwise provided under an applicable

## **Table of Contents**

tax treaty, you generally will be taxed in the same manner as a U.S. Holder on dividends that are effectively connected with your conduct of a trade or business in the United States. If you are a foreign corporation, you may also be subject to a U.S. branch profits tax on such effectively connected income at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to certain adjustments.

### ***Gain on Disposition of Shares of Our Common Stock***

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain realized on a sale or other disposition of the common stock received upon a conversion of a Debenture, unless:

the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States,

in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and either (A) the individual has a tax home in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to an office or other fixed place of business in the United States;

in the case of an amount which is attributable to interest or original issue discount, you do not meet the conditions for exemption from U.S. federal withholding tax as described in Withholding Tax Payments on Debentures above; or

we are or have been a U.S. real property holding corporation at any time within the shorter of the five year period preceding such sale, exchange or disposition and the period the Non-U.S. Holder held the common stock.

As discussed above, we believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes.

If a Non-U.S. Holder of our common stock is engaged in a trade or business in the United States, and if the gain on the common stock is effectively connected with the conduct of this trade or business, the Non-U.S. Holder will generally be taxed in the same manner as a U.S. Holder (see general discussion of federal income tax considerations to U.S. Holders above). These Non-U.S. Holders should consult their own tax advisers with respect to other tax consequences of the disposition of the common stock, including the possible imposition of a 30% branch profits tax or, if applicable, a lower treaty rate.

### ***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with payments on the Debentures, the common stock and the proceeds from a sale or other disposition of the Debentures or the common stock. A Non-U.S. Holder may be subject to United States backup withholding tax on these payments unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person. The certification procedures required of Non-U.S. Holders to claim the exemption from withholding tax on certain payments on the Debentures, described above, will satisfy the certification requirements necessary to avoid the backup withholding tax as well. The amount of any backup withholding from a payment will be allowed as a credit against the Holder's U.S. federal income tax liability and may entitle the Holder to a refund, provided that the required information is timely furnished to the IRS. In addition, we must report annually to the IRS and to each Non-U.S. Holder the amount of any interest accrued by and dividends paid to, and the tax withheld with respect to, such Holder or the Debentures or our common stock, regardless of whether any withholding was actually required. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

## **SELLING SECURITY HOLDERS**

We issued the Debentures in a private offering on October 4, 2005. The initial purchaser has advised us that it resold the Debentures to qualified institutional buyers under Rule 144A under the Securities Act. The Debentures and the common stock that are offered for resale by this prospectus are offered for the accounts of the selling security holders. These subsequent purchasers, or their transferees, pledgees, donees or successors, may from time to time

offer and sell any or all of the Debentures and/or the common stock issuable upon conversion of the Debentures pursuant to this prospectus.

The following table sets forth certain information with respect to the selling security holders and the principal amount of Debentures and the number of shares of our common stock that are beneficially owned by each selling

**Table of Contents**

security holder and that may be offered and sold from time to time pursuant to this prospectus. The information is based solely on information provided by or on behalf of the selling security holders set forth below, and we have not independently verified the information.

Except as indicated below, none of the selling security holders set forth below has had any position, office or other material relationship with us or our affiliates within the past three years.

<b>Name</b>	<b>Principal Amount of Debentures Beneficially Owned (\$)</b>	<b>Principal Amount of Debentures That May Be Sold (\$)(1)</b>	<b>Number of Shares of Common Stock Beneficially Owned (2)(3)</b>	<b>Number of Shares of Common Stock That May Be Sold (1)(3)</b>
Asante Health Systems	180,000	180,000	4,446.65	4,446.65
Cads Capital Management	540,000	540,000	13,339.94	13,339.94
Cads Capital ND Portfolio	150,000	150,000	3,705.54	3,705.54
CALAMOS Global Growth & Income Fund				
CALAMOS Investment Trust	2,000,000	2,000,000	49,407.20	49,407.20
CALAMOS Growth & Income Fund				
CALAMOS Investment Trust	9,925,000	9,925,000	245,183.23	245,183.23
CALAMOS Growth & Income Portfolio				
CALAMOS Advisors Trust	75,000	75,000	1,852.77	1,852.77
CALAMOS High Yield Fund CALAMOS				
Investment Trust	2,000,000	2,000,000	49,407.20	49,407.20
Citadel Equity Fund Ltd. (4)	6,000,000	6,000,000	148,221.60	148,221.60
DKR Soundshore Opportunity Holding Fund				
Ltd.	1,250,000	1,250,000	30,879.50	30,879.50
Elizabeth D. Bruce Trust	40,000	40,000	988.14	988.14
Fore Convertible Master Fund, Ltd.	7,157,000	7,157,000	176,803.67	176,803.67
Fore Erisa Fund, Ltd.	1,001,000	1,001,000	24,728.30	24,728.30
Gartrone Convertible Fund	670,000	670,000	16,551.41	16,551.41
Guggenheim Portfolio Company VIII				
(Cayman), Ltd. (4)	830,000	830,000	20,503.99	20,503.99
Highbridge Intl. LLC	9,000,000	9,000,000	222,332.40	222,332.40
INOVA Health Care Services	200,000	200,000	4,940.72	4,940.72
James Meller Trust	30,000	30,000	741.11	741.11
JMG Triton Offshore Fund, Ltd.	1,300,000	1,300,000	32,114.68	32,114.68
LDG Limited	76,000	76,000	1,877.47	1,877.47
Lee David Investments, LP	30,000	30,000	741.11	741.11
Mackay Shields LLC as investment advisor				
to Aftra Health Fund	55,000	55,000	1,358.70	1,358.70
Mackay Shields LLC as investment advisor				
to NY Life Ins Co Post 82 (4)	785,000	785,000	19,392.33	19,392.33
Mackay Shields LLC as investment advisor				
to United Overseas Bank (SGD)	10,000	10,000	247.04	247.04
Mackay Shields LLC as investment advisor				
to United Overseas Bank (USD)	10,000	10,000	247.04	247.04
	1,050,000	1,050,000	25,938.78	25,938.78



Mackay Shields LLC as sub advisor to  
Mainstay Convertible Fund (4)

**Table of Contents**

<b>Name</b>	<b>Principal Amount of Debentures Beneficially Owned (\$)</b>	<b>Principal Amount of Debentures That May Be Sold (\$)</b> (1)	<b>Number of Shares of Common Stock Beneficially Owned</b> (2)(3)	<b>Number of Shares of Common Stock That May Be Sold</b> (1)(3)
Mackay Shields LLC as sub advisor to Mainstay VP Convertible Fund (4)	720,000	720,000	17,786.59	17,786.59
Mackay Shields LLC as sub advisor to NY Life Ins Co Pre 82	350,000	350,000	8,646.26	8,646.26
Mackay Shields LLC as sub advisor to NY Life Separate A/C 7 (4)	20,000	20,000	494.07	494.07
Man Mac I, Ltd.	3,012,000	3,012,000	74,407.24	74,407.24
MSS Convertible Arbitrage I	16,000	16,000	395.26	395.26
Mueller, Richard	40,000	40,000	988.14	988.14
Municipal Employees Benefit Trust	420,000	420,000	10,375.51	10,375.51
Munk, Anthony	40,000	40,000	988.14	988.14
Newport Alternative Income Fund	220,000	220,000	5,434.79	5,434.79
Pebble Limited Partnership	200,000	200,000	4,940.72	4,940.72
PM Securities (Barbados), Inc.	320,000	320,000	7,905.15	7,905.15
Silvercreek II Limited	600,000	600,000	14,822.16	14,822.16
Silvercreek Limited Partnership	620,000	620,000	15,316.23	15,316.23
Spinx Fund	104,000	104,000	2,569.17	2,569.17
TQA Master Fund	604,000	604,000	14,920.97	14,920.97
TQA Master Plus Fund	1,074,000	1,074,000	26,531.67	26,531.67
Vicis Capital Master Fund (4)	11,500,000	11,500,000	284,091.40	284,091.40
Zurich Institutional Benchmark Master Fund	126,000	126,000	3,112.65	3,112.65

(1) Because a selling security holder may sell all or a portion of the Debentures and common stock issuable upon conversion of the Debentures pursuant to this prospectus, no estimate can be given as to the number or percentage of Debentures and common stock

that the selling security holder will hold upon termination of any sales.

(2) Includes shares of common stock issuable upon conversion of the Debentures.

(3) The number of shares of our common stock issuable upon conversion of the Debentures assumes a holder would receive the maximum number of shares of common stock issuable in connection with the conversion of the full amount of Debentures held by such holder at the initial conversion rate of 24.7036 shares per \$1,000 principal amount of Debentures.

This conversion rate is subject to adjustment as described under Description of the Debentures Conversion Rights.

Accordingly, the maximum number of

shares of  
common stock  
issuable upon  
conversion of  
the Debentures  
may increase or  
decrease from  
time to time.

Under the terms  
of the indenture,  
fractional shares  
will not be  
issued upon  
conversion of  
the Debentures;  
cash will be  
paid in lieu of  
fractional  
shares, if any.

- (4) Affiliate of a  
broker-dealer,  
based upon  
information  
provided to us  
by the selling  
security holder.

The selling security holders identified above may have sold, transferred or otherwise disposed of all or a portion of their Debentures or common stock since the date on which the information in the preceding table is presented. Information concerning the selling security holders may change from time to time and any such changed information will be set forth in prospectus supplements or, to the extent required, post-effective amendments to the registration statement.

Each selling security holder who is an affiliate of a broker-dealer has informed us that such selling security holder purchased the securities in the ordinary course of business and, at the time of the purchase of the securities, did not have any agreements or understandings, directly or indirectly, with any person to distribute the securities.

#### **PLAN OF DISTRIBUTION**

The securities to be offered and sold using this prospectus are being registered to permit public secondary trading of these securities by the selling security holders from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling security holders of the securities offered by this prospectus. Selling security holders will act independently of us in making decisions with respect to the timing, manner and size of each sale.

**Table of Contents**

The Debentures and the common stock issuable upon conversion of the Debentures may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at prices relating to such prevailing market prices, at varying prices determined at the time of sale, or at negotiated prices. Sales of Debentures and common stock issuable upon conversion of the Debentures may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Debentures or common stock issuable upon conversion of the Debentures may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market or (iv) through the writing of options. The selling security holders may effect such transactions by selling the Debentures or common stock issuable upon conversion of the Debentures directly to purchasers, through broker-dealers acting as agents for the selling security holders, or to broker-dealers who may purchase Debentures or common stock issuable upon conversion of the Debentures as principals and thereafter sell the Debentures or common stock issuable upon conversion of the Debentures from time to time in transactions. In effecting sales, broker-dealers engaged by selling security holders may arrange for other broker-dealers to participate. Such broker-dealers, if any, may receive compensation in the form of discounts, concessions or commissions from the selling security holders and/or the purchasers of the Debentures or common stock issuable upon conversion of the Debentures for whom such broker-dealers may act as agents or to whom they may sell as principals, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

In connection with the sale of Debentures or common stock issuable upon conversion of the Debentures, the selling security holders may, subject to the terms of their agreements with us and applicable law, (i) enter into transactions with brokers-dealers or others, who in turn may engage in short sales of the securities in the course of hedging the positions they assume, (ii) sell short or deliver securities to close out positions or (iii) loan securities to brokers, dealers or others that may in turn sell such securities. The selling security holders may enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to the broker-dealer of the Debentures or common stock issuable upon conversion of the Debentures. The broker-dealer or other financial institution may then resell or transfer these securities through this prospectus. The selling security holders may also loan or pledge their Debentures or common stock issuable upon conversion of the Debentures to a broker-dealer or other financial institution. The broker-dealer or other financial institution may sell the securities which are loaned or, upon a default, the broker-dealer or other financial institution may sell the pledged securities by use of this prospectus.

The selling security holders and any broker-dealers, agents or underwriters that participate with the selling security holders in the distribution of the Debentures or common stock issuable upon conversion of the Debentures may be deemed to be underwriters within the meaning of the Securities Act. Any commissions paid or any discounts or concessions allowed to any such persons, and any profits received on the resale of the Debentures or common stock issuable upon conversion of the Debentures and purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Because the selling security holders may be deemed to be underwriters within the meaning of the Securities Act, the selling security holders will be subject to the prospectus delivery requirements of the Securities Act. Neither the delivery of any prospectus, or any prospectus supplement, nor any other action taken by the selling security holders or any purchaser relating to the purchase or sale of Debentures or common stock issuable upon conversion of the Debentures under this prospectus shall be treated as an admission that any of them is an underwriter within the meaning of the Securities Act, relating to the sale of any Debentures or common stock issuable upon conversion of the Debentures.

To the extent required by the Securities Act, a prospectus supplement or amendment will be filed and disclose the specific number of shares of common stock to be sold, the name of the selling security holder, the purchase price, the public offering price, the names of any agent, dealer or underwriter, and any applicable commissions paid or discounts or concessions allowed with respect to a particular offering and other facts material to the transaction.

To our knowledge, there are currently no plans, arrangements or understandings between any selling security holders and any underwriter, broker-dealer or agent regarding the sale of the Debentures and shares of our common stock issuable upon conversion of the Debentures by the selling security holders.

Pursuant to our registration rights agreement, we have agreed to pay all of our expenses incident to the offer and sale of the Debentures and common stock issuable upon conversion of the Debentures offered by the selling security

holders. The selling security holders will pay all underwriting discounts and selling commissions, stock transfer taxes and fees and expenses of the selling security holders. We have agreed to indemnify the selling security holders against certain liabilities, including certain liabilities under the Securities Act, and to contribute to payments the selling security holders may be required to make in respect thereof.

**Table of Contents**

To comply with the securities laws of certain jurisdictions, if applicable, the Debentures and common stock issuable upon conversion of the Debentures will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers.

Under applicable rules and regulations under the Exchange Act, any person engaged in a distribution of the Debentures or the common stock issuable upon conversion of the Debentures may be limited in its ability to engage in market activities with respect to such Debentures or common stock issuable upon conversion of the Debentures. In addition and without limiting the foregoing, each selling security holder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M, which provisions may limit the timing of purchase and sales of any of the Debentures and common stock issuable upon conversion of the Debentures by the selling security holders. Furthermore, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the Debentures and common stock issuable upon conversion of the Debentures to engage in market-making activities with respect to the particular Debentures and common stock issuable upon conversion of the Debentures being distributed for a period of five business days prior to the commencement of the distribution.

Any selling security holder who is a broker-dealer is deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act. To our knowledge, none of the selling security holders who are affiliates of broker-dealers purchased the Debentures outside of the ordinary course of business or, at the time of the purchase of the Debentures, had any agreement or understanding, directly or indirectly, with any person to distribute the securities.

We may suspend the use of this prospectus and any supplements hereto upon any event or circumstance which necessitates the making of any changes in the registration statement or prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that the registration statement, the prospectus and any amendment or supplement thereto will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Any securities covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A under the Securities Act, may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

We cannot assure you that the selling security holders will sell any or all of the securities offered hereunder.

**LEGAL MATTERS**

The validity of the securities issuable upon conversion of the Debentures is being passed upon by Stinson Morrison Hecker LLP.

**EXPERTS**

The consolidated financial statements of Euronet Worldwide, Inc. and subsidiaries as of December 31, 2004 and 2003 and for each of the years in the two-year period ended December 31, 2004, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, have been incorporated by reference herein in this registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon authority of said experts in accounting and auditing.

The audit report on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2004, contains an explanatory paragraph that states Euronet Worldwide, Inc. acquired Call Processing, Inc. (CPI) and Movilcarga during 2004, and management and KPMG LLP excluded from its assessment of the effectiveness of Euronet Worldwide, Inc.'s internal control over financial reporting as of December 31, 2004. CPI and Movilcarga's internal control over financial reporting is associated with total assets of \$36.9 million and total revenues of \$4.5 million, included in the consolidated financial statements of Euronet Worldwide, Inc. and subsidiaries as of and for the year ended December 31, 2004.

## **Table of Contents**

The consolidated financial statements of operations and comprehensive loss, changes in stockholder's equity/(deficit) and cash flow of Euronet Worldwide, Inc. and subsidiaries for the year ended December 31, 2002 have been incorporated by reference into this registration statement, in reliance upon the report of KPMG Audyt Sp. z o.o. (f/k/a KPMG Polska Sp. z o.o.), independent registered public accounting firm, incorporated herein by reference, as set forth in their report which is also included therein and incorporated by reference herein, and upon authority of said firm as experts in accounting and auditing.

The consolidated financial statements of e-pay Limited and its subsidiaries that are included in Exhibit 99.1 of our Current Report on Form 8-K/A dated May 2, 2003, and incorporated by reference into this prospectus, have been audited by PricewaterhouseCoopers LLP, independent accountants, as set forth in their report which is also included therein.

### **WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and interim reports, proxy and information statements and other information with the SEC. These filings contain important information which does not appear in this prospectus. You may read and copy any materials we file at the SEC's public reference room at 450 Fifth Street, NW, Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding us at <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended, with respect to the common stock offered by this prospectus. This prospectus does not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may inspect and copy the registration statement, including exhibits, at the SEC's public reference facilities or web site.

### **INCORPORATION BY REFERENCE**

We incorporate into this prospectus by reference the documents listed below that we have filed with the Commission (File No. 001-31648):

Our Annual Report on Form 10-K for the year ended December 31, 2004, including portions of our Annual Proxy Statement filed April 12, 2005 that are incorporated by reference therein;

Our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2005, June 30, 2005, and September 30, 2005;

Our Current Reports on Form 8-K filed March 22, 2005, April 15, 2005, September 28, 2005, September 29, 2005, September 30, 2005, and October 5, 2005;

Exhibit 99.1 to our Current Report on Form 8-K/A filed May 2, 2003;

The description of our common stock contained in our registration statement on Form 8-A/A, dated November 24, 2004, including any amendment or reports filed for the purpose of updating that description; and

The description of our preferred stock purchase rights contained in our registration statement on Form 8-A/A, dated November 24, 2004, including any amendment or reports filed for the purpose of updating that description.

All documents which we file with the Commission pursuant to section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus and before the termination of this offering of securities (other than current reports on Form 8-K containing only information furnished under and exhibits relating to Item 7.01 or Item 2.02 of Form 8-K, unless such report specifically provides for such incorporation) shall be deemed to be incorporated by reference in this prospectus and to be a part of it from the filing dates of such documents. Also, all such documents filed by us with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities



Exchange Act of 1934, as amended, after the date of the registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement (other than current reports on Form 8-K containing only information furnished under and exhibits relating to Item 7.01 or Item 2.02 of Form 8-K, unless such report

**Table of Contents**

specifically provides for such incorporation) shall be deemed to be incorporated by reference in this prospectus and to be a part of it from the filing dates of such documents. Any statement incorporated or deemed to be incorporated herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

The following information contained in documents described above is not incorporated herein by reference: (i) information furnished under and exhibits relating to Items 7.01 and 2.02 of our Current Reports on Form 8-K, (ii) certifications accompanying or furnished in any such documents pursuant to Title 18, Section 1350 of the United States Code and (iii) any other information in such documents which is not deemed to be filed with the SEC under Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section (except the information in Part I of our Quarterly Reports on Form 10-Q).

Documents incorporated by reference are available from us without charge, excluding any exhibit to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at the following address:

Investor Relations  
Euronet Worldwide, Inc.  
4601 College Boulevard, Suite 300  
Leawood, Kansas 66211  
(913) 327-4200  
56

---

**Table of Contents**

**You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with different information, and you should not rely on any such information. We are not making an offer of these securities in any jurisdiction where an offer or sale of these securities is not permitted. You should not assume that the information in this prospectus, and the documents incorporated by reference herein, is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since such dates.**

**Euronet Worldwide, Inc.**

**\$175,000,000**

**Principal Amount of 3.50% Convertible Debentures Due 2025  
Common Stock Issuable upon Conversion of the Debenture**

PROSPECTUS

November , 2005

---

**Table of Contents**

**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution**

The estimated expenses to be borne by the Registrant in connection with the offering are as follows:

	<b>Amount to be Paid</b>
Securities and Exchange Commission registration fee	\$ 20,598
Accounting fees and expenses	3,000
Legal fees and expenses	6,000
Miscellaneous expenses (including printing expenses)	2,000
Total	\$ 31,598

**Item 15. Indemnification of Directors and Officers**

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act. Article Eighth of the Registrant's amended certificate of incorporation and Article VII of the Registrant's bylaws provide for indemnification of the Registrant's directors and officers to the maximum extent permitted by the Delaware General Corporation Law. The Registrant also maintains, and intends to continue to maintain, insurance for the benefit of its directors and officers to insure these persons against certain liabilities, including liabilities under the securities laws.

**Item 16. Exhibits**

The index to exhibits appears immediately following the signature pages to this Registration Statement.

**Item 17. Undertakings**

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the change in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic

**Table of Contents**

reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions of the Delaware General Corporation Law, the certificate of incorporation or bylaws of the registrant or resolutions of the registrant's board of directors adopted pursuant thereto, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Leawood, State of Kansas, on this 10th day of November, 2005.

**EURONET WORLDWIDE, INC.**

By: /s/ Michael J. Brown

Name: Michael J. Brown

Title: Chief Executive Officer

II-3

---

**Table of Contents****POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Michael J. Brown and Daniel R. Henry, and each of them, the undersigned's true and lawful attorneys-in-fact and agents with full power of substitution, for the undersigned and in the undersigned's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Michael J. Brown	Chairman of the Board of Directors, Chief Executive Officer and Director	November 10, 2005
Michael J. Brown	(principal executive officer)	
/s/ Daniel R. Henry	Chief Operating Officer, President and Director	November 10, 2005
Daniel R. Henry		
/s/ Eriberto R. Scocimara	Director	November 10, 2005
Eriberto R. Scocimara		
/s/ Thomas A. McDonnell	Director	November 10, 2005
Thomas A. McDonnell		
	Director	November 10, 2005
M. Jeannine Strandjord		
/s/ Andzrej Olechowski	Director	November 10, 2005

Andzrej  
Olechowski

/s/ Paul S. Althasen Director

November 10,  
2005

Paul S. Althasen

/s/ Andrew B. Schmitt Director

November 10,  
2005

Andrew B. Schmitt

/s/ Rick L. Weller Executive Vice President and Chief Financial Officer (principal

November 10,  
2005

Rick L. Weller financial and accounting officer)

II-4

---



**Table of Contents**

**EXHIBIT INDEX**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
3.1	Certificate of Incorporation of Euronet Worldwide, Inc., as amended (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated by reference herein)
3.2	Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3.2 to the Company's registration statement on Form S-1 filed on December 18, 1996 (Registration No. 333-18121), and incorporated by reference herein)
3.3	Amendment No. 1 to Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3(ii) to the Company's quarterly report on Form 10-Q for the fiscal period ended March 31, 1997, and incorporated by reference herein)
3.4	Amendment No. 2 to Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3.1 to the Company's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.1	Form of Certificate issued to the shareholders of transact Elektronische Zahlungssysteme GmbH, dated November 19/20, 2003 (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.2	Certificate of Additional Investment Rights issued to Fletcher International, Ltd. on November 21, 2003 (filed as Exhibit 4.2 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.3	Agreement, dated November 20, 2003, between Euronet Worldwide, Inc. and Fletcher International, Ltd. (filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.4	Rights Agreement, dated as of March 21, 2003, between Euronet Worldwide, Inc. and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.5	First Amendment to Rights Agreement, dated as of November 28, 2003, between Euronet Worldwide, Inc. and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on December 4, 2003, and incorporated by reference herein)
4.6	Indenture dated as of June 22, 1998 between Euronet Services Inc. and State Street Bank and Trust Company, as Trustee (filed as Exhibit 4.3 to the Registrant's S-1/A filed on June 16, 1998, and incorporated by reference herein)
4.7	Warrant Agreement dated as of June 22, 1998 between Euronet Services Inc. and State Street Bank and Trust Company, as Warrant Agent (filed as Exhibit 4.4 to the Registrant's S-1/A filed on June 16, 1998, and incorporated by reference herein)
4.8	

Edgar Filing: EURONET WORLDWIDE INC - Form S-3

Indenture, dated as of December 15, 2004, between Euronet Worldwide, Inc. and U.S. Bank National Association (filed as exhibit 4.10 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)

- 4.9 Purchase Agreement, dated as of December 9, 2004, among Euronet Worldwide, Inc. and Banc of America Securities LLC (filed as exhibit 4.10 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
- 4.10 Registration Rights Agreement, dated as of December 15, 2004, among Euronet Worldwide, Inc. and Banc of America Securities LLC (filed as exhibit 4.11 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
-

**Table of Contents**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
4.11	Specimen 1.625% Convertible Senior Debenture due 2024 (Certificated Security) (filed as exhibit 4.14 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
4.12	Indenture, dated as of October 4, 2005, between the Registrant and U.S. Bank National Association (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 26, 2005 and incorporated by reference herein)
4.13	Purchase Agreement, dated as of September 28, 2005, among the Registrant and Banc of America Securities LLC (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 26, 2005 and incorporated by reference herein)
4.14	Registration Rights Agreement, dated as of October 4, 2005, among the Registrant, and Banc of America Securities LLC (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on October 26, 2005 and incorporated by reference herein)
4.15	Specimen 3.50% Convertible Debenture due 2025 (Certificated Security) (included in Exhibit 4.10)
5	Opinion of Stinson Morrison Hecker LLP
12	Computation of fixed charge ratios
23.1	Consent of KPMG LLP
23.2	Consent of KPMG Audyt Sp. z o.o. (f/k/a KPMG Polska Sp. z o.o.)
23.3	Consent of PricewaterhouseCoopers LLP
23.4	Consent of Stinson Morrison Hecker LLP (included in Exhibit 5)
24	Power of Attorney (included on signature page)