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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2008

OR

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

Commission File Number: 001-31648

**EURONET WORLDWIDE, INC.**

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

Delaware  
(State or other jurisdiction  
of incorporation or organization)

74-2806888  
(I.R.S. employer  
identification no.)

4601 COLLEGE BOULEVARD, SUITE 300  
LEAWOOD, KANSAS 66211  
(Address of principal executive offices)

(913) 327-4200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

The number of shares of the issuer's common stock, \$0.02 par value, outstanding as of April 30, 2008 was 49,035,026 shares.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EURONET WORLDWIDE, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets  
(In thousands, except share and per share data)

	As of	
	March 31, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 237,097	\$ 267,591
Restricted cash	87,594	140,222
Inventory — PINs and other	50,654	50,265
Trade accounts receivable, net of allowances for doubtful accounts of \$7,289 at March 31, 2008 and \$6,248 at December 31, 2007	273,272	290,378
Deferred income taxes, net	14,298	13,570
Prepaid expenses and other current assets	48,391	40,458
Total current assets	711,306	802,484
Property and equipment, net of accumulated depreciation of \$133,796 at March 31, 2008 and \$119,742 at December 31, 2007	97,623	88,984
Goodwill	798,731	762,723
Acquired intangible assets, net of accumulated amortization of \$53,750 at March 31, 2008 and \$45,561 at December 31, 2007	155,889	156,751
Deferred income taxes, net	36,879	30,822
Other assets, net of accumulated amortization of \$14,682 at March 31, 2008 and \$13,270 at December 31, 2007	22,393	44,392
Total assets	<u>\$ 1,822,821</u>	<u>\$ 1,886,156</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 235,538	\$ 307,108
Accrued expenses and other current liabilities	194,552	169,246
Current portion of capital lease obligations	5,414	5,079
Short-term debt obligations and current maturities of long-term debt obligations	1,900	1,910
Income taxes payable	12,589	15,619
Deferred income taxes	7,991	7,609
Deferred revenue	16,262	16,603
Total current liabilities	474,246	523,174
Debt obligations, net of current portion	479,987	539,303
Capital lease obligations, net of current portion	11,169	11,520
Deferred income taxes	87,323	74,641
Other long-term liabilities	8,894	4,641
Minority interest	10,323	8,975
Total liabilities	1,071,942	1,162,254
Stockholders' equity:		
Preferred Stock, \$0.02 par value. Authorized 10,000,000 shares; none issued	—	—
Common Stock, \$0.02 par value. 90,000,000 shares authorized; 49,210,963 issued at March 31, 2008 and 49,159,968 issued at December 31, 2007	984	983
Additional paid-in-capital	661,530	658,047
Treasury stock, at cost, 210,298 shares at March 31, 2008 and 207,065 shares at December 31, 2007	(493)	(379)
Accumulated deficit	(12,741)	(5,905)
Restricted reserve	1,001	957
Accumulated other comprehensive income	100,598	70,199
Total stockholders' equity	750,879	723,902
Total liabilities and stockholders' equity	<u>\$ 1,822,821</u>	<u>\$ 1,886,156</u>

See accompanying notes to the consolidated financial statements.

**EURONET WORLDWIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations and Comprehensive Income**  
(Unaudited, in thousands, except share and per share data)

	Three Months Ended March 31,	
	2008	2007
<b>Revenues:</b>		
EFT Processing Segment	\$ 50,506	\$ 42,047
Prepaid Processing Segment	144,225	127,581
Money Transfer Segment	52,332	789
Total revenues	<u>247,063</u>	<u>170,417</u>
<b>Operating expenses:</b>		
Direct operating costs	165,953	120,664
Salaries and benefits	32,933	18,929
Selling, general and administrative	21,621	10,802
Depreciation and amortization	14,450	8,105
Total operating expenses	<u>234,957</u>	<u>158,500</u>
Operating income	<u>12,106</u>	<u>11,917</u>
<b>Other income (expense):</b>		
Interest income	3,826	4,345
Interest expense	(6,867)	(3,581)
Income from unconsolidated affiliates	243	240
Impairment loss on investment securities	(17,502)	—
Loss on early retirement of debt	(155)	—
Foreign currency exchange gain, net	13,073	433
Total other income (expense)	<u>(7,382)</u>	<u>1,437</u>
Income from continuing operations before income taxes and minority interest	4,724	13,354
Income tax expense	(10,997)	(3,884)
Minority interest	(563)	(353)
Income (loss) from continuing operations	(6,836)	9,117
Gain from discontinued operations	—	344
Net income (loss)	(6,836)	9,461
Translation adjustment	31,722	2,615
Unrealized loss on interest rate swaps	(751)	—
Impairment loss on investment securities	(572)	—
Comprehensive income	<u>\$ 23,563</u>	<u>\$ 12,076</u>
<b>Earnings (loss) per share — basic:</b>		
Continuing operations	\$ (0.14)	\$ 0.24
Discontinued operations	—	0.01
Total	<u>\$ (0.14)</u>	<u>\$ 0.25</u>
Basic weighted average shares outstanding	<u>48,956,945</u>	<u>38,434,178</u>
<b>Earnings (loss) per share — diluted:</b>		
Continuing operations	\$ (0.14)	\$ 0.22
Discontinued operations	—	\$ 0.01
Total	<u>\$ (0.14)</u>	<u>\$ 0.23</u>
Diluted weighted average shares outstanding	<u>48,956,945</u>	<u>43,688,014</u>

See accompanying notes to the consolidated financial statements.

**EURONET WORLDWIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(Unaudited, in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
Net income (loss)	\$ (6,836)	\$ 9,461
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,450	8,105
Share-based compensation	2,907	1,874
Foreign exchange (gain) loss, net	(13,073)	1,044
Non-cash impairment of investment securities	17,502	—
Gain from discontinued operations	—	(344)
Deferred income tax expense (benefit)	4,657	(348)
Income assigned to minority interest	563	353
Income from unconsolidated affiliates	(243)	(240)
Amortization of debt obligations issuance expense	725	283
Changes in working capital, net of amounts acquired:		
Income taxes payable, net	(1,579)	2,677
Restricted cash	27,484	(1,564)
Inventory — PINs and other	1,821	1,567
Trade accounts receivable	25,987	12,267
Prepaid expenses and other current assets	(3,531)	(3,995)
Trade accounts payable	(75,877)	(28,253)
Deferred revenue	(624)	1,201
Accrued expenses and other current liabilities	19,368	3,318
Other, net	892	84
Net cash provided by operating activities	<u>14,593</u>	<u>7,490</u>
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(1,786)	(14,959)
Acquisition escrow	26,000	(26,000)
Purchases of property and equipment	(10,001)	(3,384)
Purchases of other long-term assets	(938)	(2,008)
Other, net	182	51
Net cash provided (used) by investing activities	<u>13,457</u>	<u>(46,300)</u>
Cash flows from financing activities:		
Proceeds from issuance of shares	462	160,432
Net repayments of short-term debt obligations and revolving credit agreements classified as current liabilities	(215)	—
Borrowings from revolving credit agreements classified as non-current liabilities	23,500	9,000
Repayments of revolving credit agreements classified as non-current liabilities	(74,143)	(28,157)
Repayments of long-term debt obligations	(10,000)	—
Repayments of capital lease obligations	(2,263)	(2,839)
Cash dividends paid to minority interest stockholders	—	(1,572)
Other, net	67	11
Net cash provided (used) by financing activities	<u>(62,592)</u>	<u>136,875</u>
Effect of exchange differences on cash	4,048	366
Increase (decrease) in cash and cash equivalents	(30,494)	98,431
Cash and cash equivalents at beginning of period	<u>267,591</u>	<u>321,058</u>
Cash and cash equivalents at end of period	<u>\$ 237,097</u>	<u>\$ 419,489</u>
Interest paid during the period	\$ 4,149	\$ 1,153
Income taxes paid during the period	6,881	2,075

See accompanying notes to the consolidated financial statements.

**EURONET WORLDWIDE, INC. AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**(1) GENERAL**

*Organization*

Euronet Worldwide, Inc. and its subsidiaries (the “Company” or “Euronet”) is an industry leader in processing secure electronic financial transactions. Euronet’s Prepaid Processing Segment is one of the world’s largest providers of “top-up” services for prepaid products, primarily prepaid mobile airtime. The EFT Processing Segment provides end-to-end solutions relating to operations of automated teller machine (“ATM”) and Point of Sale (“POS”) networks, and debit and credit card processing in Europe, the Middle East and Asia. The Money Transfer Segment, comprised primarily of the Company’s RIA Envia, Inc. (“RIA”) subsidiary and its operating subsidiaries, is the third-largest global money transfer company based upon revenues and volumes and provides services through a sending network of agents and Company-owned stores in the U.S., the Caribbean, Europe and Asia, disbursing money transfers through a worldwide payer network.

*Basis of presentation*

The accompanying unaudited consolidated financial statements have been prepared from the records of the Company, in conformity with accounting principles generally accepted in the U.S. (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, such unaudited consolidated financial statements contain all adjustments (consisting of normal interim closing procedures) necessary to present fairly the financial position of the Company as of March 31, 2008, and the results of its operations and cash flows for the three-month periods ended March 31, 2008 and 2007.

The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Euronet for the year ended December 31, 2007, including the notes thereto, set forth in the Company’s 2007 Annual Report on Form 10-K.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for the three-month period ended March 31, 2008 are not necessarily indicative of the results to be expected for the full year ending December 31, 2008. Certain amounts in prior years have been reclassified to conform to current period presentation.

*Goodwill and acquired intangible translation adjustment*

During the third quarter 2007, the Company corrected an immaterial error related to foreign currency translation adjustments for goodwill and acquired intangible assets recorded in connection with acquisitions completed during periods prior to December 31, 2006. The impact of this correction on the Company’s Unaudited Statements of Operations and Comprehensive Income was to increase depreciation and amortization expense by \$0.2 million, decrease operating income by \$0.2 million, reduce net income by \$0.1 million and decrease diluted earnings per share by \$0.01 for the three months ended March 31, 2007. Due primarily to the impact of the correction on the Company’s foreign currency translation adjustment, total comprehensive income increased by \$1.3 million for the three months ended March 31, 2007. This correction did not impact the Company’s cash flows from operating, financing or investing activities.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

*Fair Value Measurements*

Effective January 1, 2008, the Company adopted the provisions of Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements” for financial assets and liabilities. This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Statement applies whenever other accounting pronouncements require or permit fair value measurements. Accordingly, this Statement does not require any new fair value measurements. Additionally, FASB Staff Position No. 157-2, “Effective Date of FASB Statement No. 157,” delayed the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for certain nonfinancial assets and liabilities. Beginning January 1, 2009, the Company will adopt the provisions for those nonfinancial assets and liabilities, which include those measured at fair value in goodwill impairment testing, indefinite-lived intangible assets measured at fair value for impairment assessment, nonfinancial long-lived assets measured at fair value for impairment assessment and investments in unconsolidated subsidiaries. The Company does not expect the provisions of SFAS No. 157 related to these items to have a material impact on its consolidated financial statements. See Note 9, Fair Value Measurements, for the required fair value disclosures.

*Investment in MoneyGram International, Inc.*

The Company’s investment in MoneyGram International, Inc. (“MoneyGram”) was classified as available-for-sale as of December 31, 2007 and was recorded in other assets on the Company’s Consolidated Balance Sheet. During the first quarter 2008, the Company decided not to pursue the acquisition of MoneyGram. Also, during the first quarter 2008, the value of the Company’s investment in MoneyGram declined and the Company determined the decline to be other than temporary. Accordingly, the Company recognized \$17.5 million in

impairment losses associated with the investment and reversed the \$0.6 million gain recorded during 2007 in other comprehensive income. Because of the Company's decision not to submit a proposal to acquire MoneyGram, the investment was reclassified to other current assets on the Company's Unaudited Consolidated Balance Sheet as of March 31, 2008. During the first quarter 2008, the Company also recorded acquisition related expenses totaling \$3.0 million, which are included in selling, general and administrative expenses.

#### *Money transfer settlement obligations*

Money transfer settlement obligations are recorded in accrued expenses and other current liabilities on the Company's Unaudited Consolidated Balance Sheets and consist of amounts owed by Euronet to money transfer recipients. As of March 31, 2008, the Company's money transfer settlement obligations were \$39.8 million.

#### *Accounting for derivative instruments and hedging activities*

The Company accounts for derivative instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS No. 133"), which requires that all derivative instruments be recognized as either assets or liabilities on the balance sheet at fair value. During the second quarter 2007, the Company entered into derivative instruments to manage exposure to interest rate risk that are considered cash flow hedges under the provisions of SFAS No. 133. To qualify for hedge accounting under SFAS No. 133, the details for the hedging relationship must be formally documented at the inception of the arrangement, including the Company's hedging strategy, risk management objective, the specific risk being hedged, the derivative instrument being used, the item being hedged, an assessment of hedge effectiveness and how effectiveness will continue to be assessed and measured. For the effective portion of a cash flow hedge, changes in the value of the hedge instrument are recorded temporarily in stockholders' equity as a component of other comprehensive income and then recognized as an adjustment to interest expense over the term of the hedging instrument.

In the Money Transfer Segment, the Company enters into foreign currency forward contracts to offset foreign currency exposure related to the notional value of money transfer transactions collected or paid in currencies other than the U.S. dollar. These forward contracts are considered derivative instruments under the provisions of SFAS No. 133, however, the Company does not designate such instruments as hedges. Accordingly, changes in the value of these contracts are recognized immediately as a component of foreign currency exchange gain, net in the Unaudited Consolidated Statements of Operations and Comprehensive Income. The impact of changes in value of these forward contracts, together with the impact of the change in value of the related foreign currency denominated receivable or payable, on the Company's Unaudited Consolidated Statements of Operations and Comprehensive Income is not significant.

Cash flows resulting from derivative instruments are classified as cash flows from operating activities in the Company's Unaudited Consolidated Statements of Cash Flows. The Company enters into derivative instruments with highly credit-worthy financial institutions and does not use derivative instruments for trading or speculative purposes. See Note 6, Derivative Instruments and Hedging Activities, for further discussion of derivative instruments.

#### *Recent accounting pronouncements*

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities," which requires enhanced disclosures about an entity's derivative and hedging activities, including: (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. Management of the Company is still evaluating the impact of the adoption of SFAS No. 161; however, the impact is not expected to be material.

### **(3) EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share has been computed by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding during the respective period. Diluted earnings (loss) per share has been computed by dividing earnings (loss) available to common stockholders by the weighted-average shares outstanding during the respective period, after adjusting for the potential dilution of the assumed conversion of the Company's convertible debentures, shares issuable in connection with acquisition obligations, restricted stock and options to purchase the Company's common stock. The following table provides a reconciliation of net income to earnings available to common stockholders and the computation of diluted weighted average number of common shares outstanding:

(dollar amounts in thousands)	<b>Three Months Ended March 31, 2007</b>
<b>Reconciliation of net income to earnings available to common stockholders:</b>	
Net income	\$ 9,461
Add: interest expense related to 1.625% convertible debentures	737
Earnings available to common stockholders	<u>\$ 10,198</u>
<b>Computation of diluted weighted average shares outstanding:</b>	
Basic weighted average shares outstanding	38,434,178
Additional shares from assumed conversion of 1.625% convertible debentures	4,163,488
Incremental shares from assumed conversion of stock options and restricted stock	<u>1,090,348</u>
Potentially diluted weighted average shares outstanding	<u>43,688,014</u>

The table includes all stock options and restricted stock that are dilutive to Euronet's weighted average common shares outstanding during the period. For the three months ended March 31, 2008, the Company incurred a net loss; therefore, diluted loss per share is the same as basic loss per share. For the three-month periods ended March 31, 2008 and 2007, the calculation of diluted earnings (loss) per share excludes approximately 3,192,000 and 295,000, respectively, stock options or shares of restricted stock that are anti-dilutive to the Company's weighted average common shares outstanding. Additionally, for the three months ended March 31, 2008, the calculation of diluted loss per share excludes approximately 953,000 shares issuable in connection with acquisition obligations that are anti-dilutive to the Company's weighted average common shares outstanding.

The Company has \$140 million of 1.625% convertible debentures due 2024 and \$175 million of 3.50% convertible debentures due 2025 outstanding that, if converted, would have a potentially dilutive effect on the Company's stock. These debentures are convertible into 4.2 million shares of Common Stock for the \$140 million 1.625% issue, and 4.3 million shares of Common Stock for the \$175 million 3.50% issue only upon the occurrence of certain conditions. As required by EITF Issue No. 04-8, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share," if dilutive, the impact of the contingently issuable shares must be included in the calculation of diluted earnings per share under the "if-converted" method, regardless of whether the conditions upon which the debentures would be convertible into shares of the Company's Common Stock have been met. Under the if-converted method, the assumed conversion of the 1.625% convertible debentures was anti-dilutive for the three months ended March 31, 2008 and dilutive for the three months ended March 31, 2007. Under the if-converted method, the assumed conversion of the 3.50% convertible debentures was anti-dilutive for both three-month periods ended March 31, 2008 and 2007.

#### **(4) GOODWILL AND ACQUIRED INTANGIBLE ASSETS, NET**

A summary of acquired intangible assets and goodwill activity for the three-month period ended March 31, 2008 is presented below:

(in thousands)	<b>Acquired Intangible Assets</b>	<b>Goodwill</b>	<b>Total Intangible Assets</b>
Balance as of December 31, 2007	\$156,751	\$762,723	\$ 919,474
<b>Increases (decreases):</b>			
Adjustment to acquisition of RIA	—	132	132
Amortization	(6,354)	—	(6,354)
Other (primarily changes in foreign currency exchange rates)	<u>5,492</u>	<u>35,876</u>	<u>41,368</u>
Balance as of March 31, 2008	<u>\$155,889</u>	<u>\$798,731</u>	<u>\$ 954,620</u>

Estimated annual amortization expense on intangible assets with finite lives, before income taxes, as of March 31, 2008, is expected to total \$25.6 million for 2008, \$25.5 million for 2009, \$25.0 million for 2010, \$19.9 million for 2011, \$17.3 million for 2012 and \$12.2 million for 2013.



The Company's annual goodwill impairment test is performed during the fourth quarter. The Company's annual impairment test for the year ended December 31, 2007 indicated that there were no impairments. Determining the fair value of reporting units requires significant management judgment in estimating future cash flows and assessing potential market and economic conditions. It is reasonably possible that the Company's operations will not perform as expected, or that estimates or assumptions could change, which may result in the Company recording material non-cash impairment charges during the year in which these changes take place.

#### (5) DEBT OBLIGATIONS

A summary of debt obligation activity for the three-month period ended March 31, 2008 is presented below:

(in thousands)	Revolving Credit Facilities	Other Debt Obligations	Capital Leases	1.625% Convertible Debentures Due 2024	3.50% Convertible Debentures Due 2025	Term Loan	Total
Balance at December 31, 2007	\$ 62,203	\$ 10	\$ 16,599	\$ 140,000	\$ 175,000	\$ 164,000	\$ 557,812
Increases (decreases):							
Net repayments	(50,643)	(215)	(1,612)	—	—	(10,000)	(62,470)
Capital lease interest	—	—	387	—	—	—	387
Foreign exchange gain	1,327	205	1,209	—	—	—	2,741
Balance at March 31, 2008	12,887	—	16,583	140,000	175,000	154,000	498,470
Less — current maturities	—	—	(5,414)	—	—	(1,900)	(7,314)
Long-term obligations at March 31, 2008	<u>\$ 12,887</u>	<u>\$ —</u>	<u>\$ 11,169</u>	<u>\$ 140,000</u>	<u>\$ 175,000</u>	<u>\$ 152,100</u>	<u>\$ 491,156</u>

During the three months ended March 31, 2008, the Company repaid \$10.0 million of the term loan, of which \$0.5 million was a scheduled repayment. The remaining \$9.5 million represents prepayment of amounts not yet due and resulted in the Company recognizing a \$0.2 million pre-tax loss on early retirement of debt.

#### (6) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During 2007, the Company entered into interest rate swap agreements for a total notional amount of \$50 million to manage interest rate exposure related to a portion of the term loan, which currently bears interest at LIBOR plus 200 basis points. The interest rate swap agreements are determined to be cash flow hedges and effectively convert \$50 million of the term loan to a fixed interest rate of 7.3% through the May 2009 maturity date of the swap agreements. As of March 31, 2008, the Company has recorded a liability of \$1.7 million in the other long-term liabilities caption on the Company's Unaudited Consolidated Balance Sheet to recognize the fair value of the swap agreements. The impact to accumulated other comprehensive income for the first quarter 2008 was a loss of \$0.8 million. The fair value of swap agreements is based on the London Inter-Bank Offered Rate ("LIBOR") swap rate, credit spreads and other relevant market conditions.

As of March 31, 2008, the Company had foreign currency forward contracts outstanding with a notional value of \$52.9 million, primarily in euros, which were not designated as hedges and had a weighted average maturity of six days.

#### (7) STOCK PLANS

During the first quarter 2008, the Company granted 147,402 shares of performance-based restricted stock to executives, having a total value of \$2.9 million on the grant date. The shares shall vest during the years 2009 through 2013 upon the attainment of certain financial performance goals, combined with continued employment on the vesting date. Additionally, 22,651 shares of restricted stock were granted or accelerated during the first quarter 2008, having a value of \$0.5 million on the date the shares were granted or accelerated, in connection with severance benefits due to an executive officer of the Company who resigned during the first quarter 2008.

#### (8) SEGMENT INFORMATION

Euronet's reportable operating segments have been determined in accordance with SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." The Company currently operates in the following three reportable operating segments.

- 1) Through the EFT Processing Segment, the Company processes transactions for a network of ATMs and POS terminals across Europe, Asia and Africa. The Company provides comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM and POS management solutions, credit and debit card outsourcing and electronic recharge services for prepaid mobile airtime. Through this segment, the Company also offers a suite of integrated electronic financial transaction ("EFT") software solutions for electronic payment, merchant acquiring, card issuing and transaction delivery systems.

- 2) Through the Prepaid Processing Segment, the Company provides distribution of prepaid mobile airtime and other prepaid products and collection services in the U.S., Europe, Africa, Asia Pacific and the Middle-East.
- 3) Through the Money Transfer Segment, the Company provides global money transfer and bill payment services through a sending network of agents and Company-owned stores primarily in North America, the Caribbean, Europe and Asia Pacific, disbursing money transfers through a worldwide payer network.

In addition, in its administrative division, "Corporate Services, Eliminations and Other," the Company accounts for non-operating activity, certain intersegment eliminations and the costs of providing corporate and other administrative services to the three segments. These services are not directly identifiable with the Company's reportable operating segments. The following tables present the segment results of the Company's operations for the three-month periods ended March 31, 2008 and 2007:

<b>For the Three Months Ended March 31, 2008</b>					
(in thousands)	<b>EFT Processing</b>	<b>Prepaid Processing</b>	<b>Money Transfer</b>	<b>Corporate Services, Eliminations and Other</b>	<b>Consolidated</b>
Total revenues	<u>\$ 50,506</u>	<u>\$ 144,225</u>	<u>\$ 52,332</u>	<u>\$ —</u>	<u>\$ 247,063</u>
Operating expenses:					
Direct operating costs	21,752	117,856	26,345	—	165,953
Salaries and benefits	10,147	6,568	11,757	4,461	32,933
Selling, general and administrative	4,450	5,275	7,452	4,444	21,621
Depreciation and amortization	<u>5,137</u>	<u>4,192</u>	<u>4,827</u>	<u>294</u>	<u>14,450</u>
Total operating expenses	<u>41,486</u>	<u>133,891</u>	<u>50,381</u>	<u>9,199</u>	<u>234,957</u>
Operating income (loss)	<u>\$ 9,020</u>	<u>\$ 10,334</u>	<u>\$ 1,951</u>	<u>\$ (9,199)</u>	<u>\$ 12,106</u>
<b>For the Three Months Ended March 31, 2007</b>					
(in thousands)	<b>EFT Processing</b>	<b>Prepaid Processing</b>	<b>Money Transfer</b>	<b>Corporate Services, Eliminations and Other</b>	<b>Consolidated</b>
Total revenues	<u>\$ 42,047</u>	<u>\$ 127,581</u>	<u>\$ 789</u>	<u>\$ —</u>	<u>\$ 170,417</u>
Operating expenses:					
Direct operating costs	16,923	103,230	511	—	120,664
Salaries and benefits	9,254	6,385	590	2,700	18,929
Selling, general and administrative	4,864	4,577	451	910	10,802
Depreciation and amortization	<u>4,068</u>	<u>3,873</u>	<u>104</u>	<u>60</u>	<u>8,105</u>
Total operating expenses	<u>35,109</u>	<u>118,065</u>	<u>1,656</u>	<u>3,670</u>	<u>158,500</u>
Operating income (loss)	<u>\$ 6,938</u>	<u>\$ 9,516</u>	<u>\$ (867)</u>	<u>\$ (3,670)</u>	<u>\$ 11,917</u>

## (9) FAIR VALUE MEASUREMENTS

The Company's assets and liabilities recorded at fair value on a recurring basis are set forth in the following table:

(in thousands)	Fair Value Measurements as of March 31, 2008 Using	
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
Available for sale investment securities	\$ 2,488	\$ —
Interest rate swaps related to floating rate debt	—	(1,745)
Foreign currency derivative contracts	—	(258)

The Company values available for sale investment securities using quoted prices from the securities' primary exchange. Interest rate swaps are valued using present value measurements based on the LIBOR swap rate, credit spreads and other relevant market conditions. Foreign currency derivative contracts are valued using foreign currency quotes for similar assets and liabilities.

## (10) NONCASH FINANCING AND INVESTING ACTIVITIES

Capital lease obligations of \$0.7 million and \$1.5 million were incurred during the first quarter 2008 and 2007, respectively. The Company issued Euronet common stock valued at \$7.6 million for an acquisition completed during the first quarter 2007.

## (11) CONTINGENCIES

On January 12, 2007, the Company signed a stock purchase agreement to acquire La Nacional and certain of its affiliates ("La Nacional"), subject to regulatory approvals and other customary closing conditions. In connection with this agreement, on January 16, 2007, the Company deposited \$26 million in an escrow account created for the proposed acquisition. The escrowed funds were not permitted to be released except upon mutual agreement of the Company and La Nacional's stockholder or through legal remedies available in the agreement.

On April 5, 2007, the Company gave notice to the stockholder of La Nacional of the termination of the stock purchase agreement, alleging certain breaches of the terms thereof by La Nacional and requested the release of the \$26 million held in escrow under the terms of the agreement. La Nacional's stockholder denied such breaches occurred, contested such termination and did not consent to our request for release of the escrowed funds. While pursuing all legal remedies available to us, we engaged in negotiations with La Nacional and its stockholder to determine whether the dispute could be resolved through revised terms for the acquisition or some other mutually agreeable method.

On January 10, 2008, the Company entered into a settlement agreement with La Nacional and its stockholder evidencing the parties' mutual agreement not to consummate the acquisition of La Nacional, in exchange for payment by Euronet of a portion of the legal fees incurred by La Nacional. Among other terms and conditions, the settlement agreement contains mutual releases in connection with litigation and provided for the release to the Company in the first quarter 2008 of the \$26 million held in escrow, plus interest earned on the escrowed funds.

## (12) FEDERAL EXCISE TAX REFUND

During 2006, the Internal Revenue Service ("IRS") announced that Internal Revenue Code Section 4251 (relating to communications excise tax) will no longer apply to, among other services, prepaid mobile airtime services such as those offered by the Company's Prepaid Processing Segment's U.S. operations. Additionally, companies that paid this excise tax during the period beginning on March 1, 2003 and ending on July 31, 2006, are entitled to a credit or refund of amounts paid in conjunction with the filing of 2006 federal income tax returns. During the fourth quarter 2007, the IRS completed an initial field examination confirming the amount of the claim and, therefore, the Company recorded \$12.2 million for the amount of the refund claimed as a reduction to operating expenses of the Prepaid Processing Segment and as an other current asset. In addition, the Company will receive approximately \$1.2 million in interest on the amount claimed, which was recorded as interest income in the first quarter 2008.

## (13) GUARANTEES

As of March 31, 2008, the Company had \$33.5 million of stand-by letters of credit/bank guarantees issued on its behalf, of which \$1.8 million are collateralized by cash deposits held by the respective issuing banks.

Euronet regularly grants guarantees in support of obligations of subsidiaries. As of March 31, 2008, the Company granted off balance sheet guarantees for cash in various ATM networks amounting to \$25.9 million over the terms of the cash supply agreements and performance guarantees amounting to approximately \$28.1 million over the terms of the agreements with the customers.

From time to time, Euronet enters into agreements with unaffiliated parties that contain indemnification provisions, the terms of which may vary depending on the negotiated terms of each respective agreement. The amount of such potential obligations is generally not stated in the agreements. Our liability under such indemnification provisions may be mitigated by relevant insurance coverage and may be subject to time and materiality limitations, monetary caps and other conditions and defenses. Such indemnification obligations include the following:

- In connection with contracts with financial institutions in the EFT Processing Segment, the Company is responsible for damages to ATMs and theft of ATM network cash that, generally, is not recorded on the Company's Consolidated Balance Sheet. As of March 31, 2008, the balance of ATM network cash for which the Company was responsible was approximately \$300 million. The Company maintains insurance policies to mitigate this exposure;
- In connection with the license of proprietary systems to customers, Euronet provides certain warranties and infringement indemnities to the licensee, which generally warrant that such systems do not infringe on intellectual property owned by third parties and that the systems will perform in accordance with their specifications;
- Euronet has entered into purchase and service agreements with vendors and consulting agreements with providers of consulting services, pursuant to which the Company has agreed to indemnify certain of such vendors and consultants, respectively, against third-party claims arising from the Company's use of the vendor's product or the services of the vendor or consultant;
- In connection with acquisitions and dispositions of subsidiaries, operating units and business assets, the Company has entered into agreements containing indemnification provisions, which can be generally described as follows: (i) in connection with acquisitions made by Euronet, the Company has agreed to indemnify the seller against third party claims made against the seller relating to the subject subsidiary, operating unit or asset and arising after the closing of the transaction, and (ii) in connection with dispositions made by Euronet, Euronet has agreed to indemnify the buyer against damages incurred by the buyer due to the buyer's reliance on representations and warranties relating to the subject subsidiary, operating unit or business assets in the disposition agreement if such representations or warranties were untrue when made;
- Euronet has entered into agreements with certain third parties, including banks that provide fiduciary and other services to Euronet or to the Company's benefit plans. Under such agreements, the Company has agreed to indemnify such service providers for third party claims relating to the carrying out of their respective duties under such agreements; and
- The Company has obtained surety bonds in compliance with money transfer licensing requirements of the applicable governmental authorities and has agreed to reimburse the surety for any amounts that they are required to pay in connection with such bonds.

The Company is also required to meet minimum capitalization and cash requirements of various regulatory authorities in the jurisdictions in which the Company has money transfer operations. To date, the Company is not aware of any significant claims made by the indemnified parties or third parties to guarantee agreements with the Company and, accordingly, no liabilities were recorded as of March 31, 2008 or December 31, 2007.

#### **(14) INCOME TAXES**

The Company's effective tax rate, after consideration of minority interest, was 264.3% and 29.9% for the three-month periods ended March 31, 2008 and 2007, respectively. The net loss for the first quarter 2008 reflects an unrealized capital loss of \$17.5 million recorded in connection with the Company's investment in MoneyGram, for which an associated tax benefit was not recorded because of the uncertainty surrounding the Company's future ability to have offsetting capital gains.

Excluding the impact of this unrealized capital loss, the Company's income tax rate was 50.8% for the first quarter 2008, compared to 29.9% for the first quarter 2007. This increase in the effective tax rate primarily relates to the recognition of deferred income tax expense in the U.S. attributable to pre-tax income generated by the Company's U.S. operations from foreign currency gains and interest income earned on loans to foreign subsidiaries. For U.S. federal income tax purposes, however, the Company has significant net operating losses that will offset taxable income generated in future periods from pre-tax income produced by our U.S. operations and the recognition of the future tax effects of temporary differences recorded as deferred tax liabilities. The first quarter 2008 effective tax rate was also unfavorably impacted by the acquisition of RIA, which operates in jurisdictions that have tax rates that are higher than the Company's historical effective tax rate.

**(15) SUBSEQUENT EVENTS**

During April 2008, the Company entered into an amendment to its secured syndicated credit facility to change, among other items, the definition of one of the financial covenants contained in the original agreement. Euronet incurred costs of \$0.6 million in connection with the amendment, which will be recognized as additional interest expense over the remaining 48 month term of the credit facility.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

#### COMPANY OVERVIEW, GEOGRAPHIC LOCATIONS AND PRINCIPAL PRODUCTS AND SERVICES

Euronet Worldwide, Inc. (together with our subsidiaries, "we," "us," "Euronet" or the "Company") is a leading electronic payments provider, offering automated teller machine ("ATM") and point-of-sale ("POS") and card outsourcing services, card issuing and merchant acquiring services, integrated electronic financial transaction ("EFT") software, network gateways, electronic distribution of top-up services for prepaid mobile airtime and other prepaid products, electronic consumer money transfer and bill payment services to financial institutions, mobile operators, retailers and individual customers. As of March 31, 2008, we operate in the following three principal business segments.

- An EFT Processing Segment, which processes transactions for a network of 11,917 ATMs and approximately 51,000 POS terminals across Europe, Asia and the Middle-East. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM and POS management solutions, credit and debit card outsourcing and electronic recharge services for prepaid mobile airtime. Through this segment, we also offer a suite of integrated EFT software solutions for electronic payment, merchant acquiring, card issuing and transaction delivery systems.
- A Prepaid Processing Segment, which provides distribution of prepaid mobile airtime and other prepaid products and collection services for various prepaid products, cards and services. Including terminals operated by unconsolidated subsidiaries, we operate a network of approximately 394,000 POS terminals providing electronic processing of prepaid mobile airtime top-up services in the U.S., Europe, Africa, Asia Pacific and the Middle-East.
- A Money Transfer Segment, which provides global money transfer and bill payment services through a sending network of agents and Company-owned stores primarily in North America, the Caribbean, Europe and Asia-Pacific, disbursing money transfers through a worldwide payer network. Bill payment services are offered primarily in the U.S. The Money Transfer Segment originates and terminates transactions through a network of more than 68,000 locations, which include sending agents and Company-owned stores, and an extensive payer network across 100 countries.

We have six processing centers in Europe, two in Asia and two in the U.S. We have 22 principal offices in Europe, five in the Asia-Pacific region, three in the U.S. and one each in the Middle East and Latin America. Our executive offices are located in Leawood, Kansas, USA.

#### SOURCES OF REVENUES AND CASH FLOW

Euronet earns revenues and income based on ATM management fees, transaction fees and commissions, professional services, software licensing fees and software maintenance agreements. Each business segment's sources of revenue are described below.

*EFT Processing Segment* — Revenue in the EFT Processing Segment, which represented approximately 21% of total consolidated revenue for the first quarter 2008, is derived from fees charged for transactions effected by cardholders on our proprietary network of ATMs, as well as fixed management fees and transaction fees we charge to banks for operating ATMs and processing credit cards under outsourcing agreements. Through our proprietary network, we generally charge fees for four types of ATM transactions: i) cash withdrawals, ii) balance inquiries, iii) transactions not completed because the relevant card issuer does not give authorization, and iv) prepaid telecommunication recharges. Revenue in this segment is also derived from license fees, professional services and maintenance fees for software and sales of related hardware. Software license fees are the fees we charge to license our proprietary application software to customers. Professional service fees consist of charges for customization, installation and consulting services to customers. Software maintenance revenue represents the ongoing fees charged for maintenance and support for customers' software products. Hardware sales are derived from the sale of computer equipment necessary for the respective software solution.

*Prepaid Processing Segment* — Revenue in the Prepaid Processing Segment, which represented approximately 58% of total consolidated revenue for the first quarter 2008, is primarily derived from commissions or processing fees received from telecommunications service providers for the sale and distribution of prepaid mobile airtime. We also generate revenue from commissions earned from the distribution of other prepaid products. Due to certain provisions in our mobile phone operator agreements, the operators have the ability to reduce the overall commission paid on each top-up transaction. However, by virtue of our agreements with retailers (distributors where POS terminals are located) in certain markets, not all of these reductions are absorbed by us because we are able to pass a significant portion of the reductions to retailers. Accordingly, under certain retailer agreements, the effect is to reduce revenues and reduce our direct operating costs resulting in only a small impact on gross margin and operating income. In some markets, reductions in commissions can significantly impact our results as it may not be possible, either contractually or commercially in the concerned market, to pass a reduction in commissions to the retailers. In Australia, certain retailers negotiate directly with the mobile phone operators for their own commission rates, which also limits our ability to pass through reductions in commissions. Agreements with mobile operators are important to the success of our business. These agreements permit us to distribute prepaid mobile airtime to the mobile operators'

customers. Other products offered by this segment include prepaid long distance calling card plans, prepaid internet plans, prepaid debit cards, prepaid gift cards and prepaid mobile content such as ring tones and games.

*Money Transfer Segment* — Revenue in the Money Transfer Segment, which represents approximately 21% of total consolidated revenue for the first quarter 2008, is primarily derived through the charging of a transaction fee, as well as the difference between purchasing foreign currency at wholesale exchange rates and selling the foreign currency to consumers at retail exchange rates. We have an origination network in place comprised of agents and company-owned stores primarily in North America, the Caribbean, Europe and Asia-Pacific and a worldwide network of distribution agents, consisting primarily of financial institutions in the transfer destination countries. Origination and distribution agents each earn fees for cash collection and distribution services. These fees are recognized as direct operating costs at the time of sale.

## **OPPORTUNITIES AND CHALLENGES**

*EFT Processing Segment* — The continued expansion and development of our EFT Processing Segment business will depend on various factors including, but not necessarily limited to, the following:

- the impact of competition by banks and other ATM operators and service providers in our current target markets;
- the demand for our ATM outsourcing services in our current target markets;
- the ability to develop products or services to drive increases in transactions;
- the expansion of our various business lines in markets where we operate and in new markets;
- the entrance into additional card acceptance and ATM management agreements with banks;
- the ability to obtain required licenses in markets we intend to enter or expand services;
- the availability of financing for expansion;
- the ability to efficiently install ATMs contracted under newly awarded outsourcing agreements;
- the successful entry into the cross-border merchant processing and acquiring business;
- the successful entry into the card issuing and outsourcing business; and
- the continued development and implementation of our software products and their ability to interact with other leading products.

*Prepaid Processing Segment* — The continued expansion and development of the Prepaid Processing Segment business will depend on various factors, including, but not necessarily limited to, the following:

- the ability to negotiate new agreements in additional markets with mobile phone operators, agent financial institutions and retailers;
- the ability to use existing expertise and relationships with mobile operators and retailers to our advantage;
- the continuation of the trend towards conversion from scratch card solutions to electronic processing solutions for prepaid mobile airtime among mobile phone users and the continued use of third party providers such as ourselves to supply this service;
- the development of mobile phone networks in these markets and the increase in the number of mobile phone users;
- the overall pace of growth in the prepaid mobile phone market;
- our market share of the retail distribution capacity;
- the level of commission that is paid to the various intermediaries in the prepaid mobile airtime distribution chain;
- our ability to add new and differentiated prepaid products in addition to those offered by mobile operators;
- the ability to take advantage of cross-selling opportunities with our Money Transfer Segment, including providing money transfer services through our prepaid locations;
- the availability of financing for further expansion; and
- our ability to successfully integrate newly acquired operations with our existing operations.

*Money Transfer Segment* — The expansion and development of our money transfer business will depend on various factors, including, but not necessarily limited to, the following:

- the continued growth in worker migration and employment opportunities;
- the mitigation of economic and political factors that have had an adverse impact on money transfer volumes, such as the immigration developments in the U.S. that started in 2006 and changes in the economic sectors in which immigrants work;
- the continuation of the trend of increased use of electronic money transfer and bill payment services among immigrant workers and the unbanked population in our markets;
- the ability to maintain our agent and correspondent networks;
- the ability to offer our products and services or develop new products and services at competitive prices to drive increases in transactions;
- the expansion of our services in markets where we operate and in new markets;
- the ability to strengthen our brands;
- our ability to fund working capital requirements;





- our ability to maintain compliance with the regulatory requirements of the jurisdictions in which we operate or plan to operate;
- the ability to take advantage of cross-selling opportunities with our Prepaid Processing Segment, including providing prepaid services through RIA's stores and agents worldwide;
- the ability to leverage our banking and merchant/retailer relationships to expand money transfer corridors to Europe and Asia, including high growth corridors to Central and Eastern European countries; and
- our ability to continue to successfully integrate RIA with our existing operations.

*Corporate Services, Eliminations and Other* — In addition to operating in our principal business segments described above, our “Corporate Services, Elimination and Other” division includes non-operating activity, certain inter-segment eliminations and the cost of providing corporate and other administrative services to the business segments, including share-based compensation expense related to most stock option and restricted stock grants. These services are not directly identifiable with our business segments. The impact of share-based compensation is recorded as an expense of the Corporate Services division.

## SEGMENT SUMMARY RESULTS OF OPERATIONS

Revenue and operating income by segment for the three-month periods ended March 31, 2008 and 2007 are summarized in the tables below:

(dollar amounts in thousands)	Revenues for the Three Months Ended March 31,		Year-over-Year Change		Operating Income (Loss) for the Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase Amount	Increase Percent	2008	2007	Increase Amount	Increase Percent
EFT Processing	\$ 50,506	\$ 42,047	\$ 8,459	20%	\$ 9,020	\$ 6,938	\$ 2,082	30%
Prepaid Processing	144,225	127,581	16,644	13%	10,334	9,516	818	9%
Money Transfer	52,332	789	51,543	6533%	1,951	(867)	2,818	n/m
Total	247,063	170,417	76,646	45%	21,305	15,587	5,718	37%
Corporate services	—	—	—		(9,199)	(3,670)	(5,529)	151%
Total	<u>\$ 247,063</u>	<u>\$ 170,417</u>	<u>\$ 76,646</u>	45%	<u>\$ 12,106</u>	<u>\$ 11,917</u>	<u>\$ 189</u>	2%

n/m - Not meaningful.

### *Impact of changes in foreign currency exchange rates*

Throughout 2007 and into 2008, the U.S. dollar has weakened compared to most of the currencies of the countries in which we operate. Because our revenues and local expenses are recorded in the functional currencies of our operating entities, amounts we earned for the first quarter 2008 are positively impacted by the weakening of the U.S. dollar. We estimate that, depending on the mix of countries and currencies, our operating income for the first quarter 2008 benefited by approximately 10% to 15% when compared to the first quarter 2007.

## COMPARISON OF OPERATING RESULTS FOR THE THREE- MONTH PERIODS ENDED MARCH 31, 2008 AND 2007

### EFT PROCESSING SEGMENT

The following table presents the results of operations for the three-month periods ended March 31, 2008 and 2007 for our EFT Processing Segment:

(dollar amounts in thousands)	Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase (Decrease) Amount	Increase (Decrease) Percent
Total revenues	\$ 50,506	\$ 42,047	\$ 8,459	20%
Operating expenses:				
Direct operating costs	21,752	16,923	4,829	29%
Salaries and benefits	10,147	9,254	893	10%
Selling, general and administrative	4,450	4,864	(414)	(9%)
Depreciation and amortization	5,137	4,068	1,069	26%
Total operating expenses	41,486	35,109	6,377	18%
Operating income	\$ 9,020	\$ 6,938	\$ 2,082	30%
Transactions processed (millions)	168.4	130.7	37.7	29%
ATMs as of March 31	11,917	9,182	2,735	30%
Average ATMs	11,771	9,040	2,731	30%

#### Revenues

Our revenue for the first quarter 2008 increased when compared to the first quarter 2007 primarily due to increases in the number of ATMs operated and, for owned ATMs, the number of transactions processed. These increases were attributable to many of our operations, but primarily our operations in Poland and India. Additionally, for the first quarter 2008, the U.S. dollar has weakened compared to the first quarter 2007 relative to the currencies of most of the countries in which we operate. Because our revenues are recorded in the functional currencies of our operating entities, amounts we earn in foreign currencies are positively impacted by the weakening of the U.S. dollar. Partially offsetting these improvements were decreases in revenue associated with our operations in Romania and our software business. The reduction in Romania is due to a decrease in the per transaction fee structure of a contract with a customer which we granted in exchange for an extension of the term of the contract. The decrease in revenue associated with our software business was primarily due to heavy implementation activity on two major contracts that generated significant revenue during the first quarter 2007.

Average monthly revenue per ATM was \$1,430 for the first quarter 2008, compared to \$1,550 for the first quarter 2007 and revenue per transaction was \$0.30 for the first quarter 2008, compared to \$0.32 for the first quarter 2007. The decrease in revenues per ATM and revenues per transaction was due to the addition of ATMs in India and China, where revenues per ATM have been historically lower than Central and Eastern Europe generally due to lower labor costs, and the reduction of revenue in Romania and our software business discussed above.

#### Direct operating costs

Direct operating costs consist primarily of site rental fees, cash delivery costs, cash supply costs, maintenance, insurance, telecommunications and the cost of data center operations-related personnel, as well as the processing centers' facility related costs and other processing center related expenses. The increase in direct operating cost for the first quarter 2008, compared to the first quarter 2007, is attributed to the increase in the number of ATMs under operation.

#### Gross margin

Gross margin, which is calculated as revenues less direct operating costs, increased to \$28.8 million for the first quarter 2008 from \$25.1 million for the first quarter 2007. This increase is attributable to the increase in revenues discussed above. Gross margin as a percentage of revenues was 57% for the first quarter 2008 compared to 60% for the first quarter 2007. The slight decrease in gross margin as a percentage of revenues is due to the impact of the contract extension in Romania and software business discussed above, as well as the

increased contributions of our subsidiaries in India and China, which have historically earned a lower gross margin than our other operations.

#### *Salaries and benefits*

The increase in salaries and benefits for the first quarter 2008 compared to the first quarter 2007 was due to staffing costs to support growth in ATMs managed and transactions processed and for new products, such as POS, card processing and cross-border merchant processing and acquiring. Salaries and benefits also increased as a result of general merit increases awarded to employees. As a percentage of revenue, however, these costs decreased to 20% of revenues for the first quarter 2008 compared to 22% for the first quarter 2007.

#### *Selling, general and administrative*

The decrease in selling, general and administrative expenses for the first quarter 2008 compared to the first quarter 2007 is due primarily to the first quarter 2007 \$1.2 million arbitration loss awarded by a tribunal in Budapest, Hungary arising from a claim by a former cash supply contractor in Central Europe. The cash supply contractor claimed it provided us with cash during the fourth quarter 1999 and first quarter 2000 that was not returned. Excluding this loss, the \$0.7 million increase in selling, general and administrative expenses was to support segment growth. Excluding the impact of the arbitration loss, as a percentage of revenue, selling, general and administrative expenses were flat at 9% for both the first quarter 2008 and first quarter 2007.

#### *Depreciation and amortization*

The increase in depreciation and amortization expense for the first quarter 2008 compared to the first quarter 2007 is due primarily to additional ATMs in Poland, India and China, additional equipment and software for the expansion of our Hungarian processing center and additional software amortization recorded related to our Essentis software product. As a percentage of revenue, these expenses were flat at 10% for the first quarters 2008 and 2007.

#### *Operating income*

The increase in operating income was primarily due to the increases in revenues described above and the impact of the first quarter 2007 arbitration loss. Excluding the impact of the arbitration loss from the first quarter 2007, operating income as a percentage of revenues for the first quarter 2008 was 18%, compared to 19% for the first quarter 2007, and operating income per transaction was \$0.05 for the first quarter 2008, compared to \$0.06 per transaction for the first quarter 2007. The decreases in operating income as a percent of revenues and operating income per transaction are due to the contract extension in Romania and the reduced revenues recorded by our software business discussed above. Additionally, the first quarter 2008 includes approximately \$0.4 million in operating losses incurred to develop processing systems and capabilities in preparation for our entry into the cross-border merchant acquiring business.

#### *Expiration of contract*

In January 2003, we sold 100% of our shares in our U.K. subsidiary, Euronet Services (U.K.) Ltd. ("Euronet U.K."), to Bridgepoint Capital Limited ("Bridgepoint"), which subsequently became Bank Machine Limited ("Bank Machine"). Simultaneous with this transaction, Euronet and Bank Machine signed an ATM and Gateway Services Agreement (the "Services Agreement") under which a wholly-owned subsidiary of Euronet provided ATM operating, monitoring, and transaction processing services to Bank Machine through December 31, 2007. Management allocated \$4.5 million of the total sale proceeds to the Services Agreement, which was recorded as revenues on a straight-line basis over the five-year contract term. During the first quarter 2008, the Service Agreement expired and was not renewed. As a result of this development, beginning in the second quarter 2008, the number of ATMs operated, quarterly revenue and quarterly operating income for the EFT Processing Segment will decrease by approximately 2,400 ATMs, \$0.8 million and \$0.8 million, respectively.

## PREPAID PROCESSING SEGMENT

The following table presents the results of operations for the three-month periods ended March 31, 2008 and 2007 for our Prepaid Processing Segment:

(dollar amounts in thousands)	Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase Amount	Increase Percent
Total revenues	\$ 144,225	\$ 127,581	\$ 16,644	13%
Operating expenses:				
Direct operating costs	117,856	103,230	14,626	14%
Salaries and benefits	6,568	6,385	183	3%
Selling, general and administrative	5,275	4,577	698	15%
Depreciation and amortization	4,192	3,873	319	8%
Total operating expenses	133,891	118,065	15,826	13%
Operating income	\$ 10,334	\$ 9,516	\$ 818	9%
Transactions processed (millions)	167.3	139.4	27.9	20%

### Revenues

The increase in revenues for 2008 compared to 2007 was generally attributable to the increase in total transactions processed across all of our Prepaid Processing Segment operations, particularly Australia and Poland, and additional revenue from Omega Logic Ltd. ("Omega Logic") which was acquired in February 2007. Additionally, for the first quarter 2008 the U.S. dollar has weakened compared to the first quarter 2007 relative to the currencies of most of the countries in which we operate. Because our revenues are recorded in the functional currencies of our operating entities, amounts we earn in foreign currencies are positively impacted by the weakening of the U.S. dollar.

In certain more mature markets, such as the U.K., New Zealand and Spain, our revenue growth has slowed substantially and, in some cases, revenues have decreased because conversion from scratch cards to electronic top-up is substantially complete and certain mobile operators and retailers are driving competitive reductions in pricing and margins. We expect most of our future revenue growth to be derived from: (i) developing markets or markets in which there is organic growth in the prepaid sector overall, (ii) from continued conversion from scratch cards to electronic top-up in less mature markets, (iii) from additional products sold over the base of prepaid processing terminals, and (iv) possibly from acquisitions.

Revenues per transaction decreased to \$0.86 for the first quarter 2008 from \$0.92 for the first quarter 2007 due primarily to the growth in revenues and transactions recorded by our ATX subsidiary. ATX provides only transaction processing services without significant direct costs and other operating costs generally associated with installing and managing terminals; therefore, the revenue we recognize from these transactions is a fraction of that recognized on average transactions but with very low cost. Transaction volumes for ATX in the first quarter 2008 increased over 50% compared to first quarter 2007. Partially offsetting this decrease was the growth in both volumes and revenues in Australia and the U.S., which generally have higher revenues per transaction, but also pay higher commission rates to retailers, than our other Prepaid Processing subsidiaries.

### Direct operating costs

Direct operating costs in the Prepaid Processing Segment include the commissions we pay to retail merchants for the distribution and sale of prepaid mobile airtime and other prepaid products, as well as expenses required to operate POS terminals. Because of their nature, these expenditures generally fluctuate directly with revenues and processed transactions. The increase in direct operating costs is generally attributable to the increase in total transactions processed and foreign currency translations to the U.S. dollar compared to the prior year.

### Gross margin

Gross margin, which represents revenues less direct costs, was \$26.4 million for the first quarter 2008 compared to \$24.4 million for the first quarter 2007. Gross margin as a percentage of revenues decreased slightly to 18% for the first quarter 2008 compared to 19% for the

first quarter 2007 and gross margin per transaction also decreased slightly to \$0.16 for the first quarter 2008 compared to \$0.17 for the first quarter 2007. The primary cause of the reduction in gross margin per transaction is due to the growth of revenues and transactions at our ATX subsidiary and the general maturity of the prepaid mobile airtime business in many of our markets.

#### *Salaries and benefits*

The increase in salaries and benefits for first quarter 2008 compared to the first quarter 2007 is primarily the result of additional overhead to support development in new and growing markets, particularly in Italy. As a percentage of revenue, salaries and benefits decreased to 4.6% for first quarter 2008 from 5.0% for first quarter 2007.

#### *Selling, general and administrative*

The increase in selling, general and administrative expenses for the first quarter 2008 compared to the first quarter 2007 is the result of additional overhead to support development in other new and growing markets. As a percentage of revenues, these expenses remained relatively flat at 3.7% for first quarter 2008 compared to 3.6% for the first quarter 2007.

#### *Depreciation and amortization*

Depreciation and amortization expense primarily represents amortization of acquired intangibles and the depreciation of POS terminals we install in retail stores. Depreciation and amortization expense remained relatively flat for the first quarter 2008, compared to the first quarter 2007 and, as a percentage of revenues, decreased slightly to 2.9% for the first quarter 2008 from 3.0% for the first quarter 2007.

#### *Goodwill and acquired intangible translation adjustment*

During the third quarter 2007, we corrected an immaterial error related to foreign currency translation adjustments for goodwill and acquired intangible assets recorded in connection with acquisitions completed during periods prior to 2007. The impact of this correction on the Prepaid Processing Segment was to increase depreciation and amortization expense and decrease operating income by \$0.2 million for the three months ended March 31, 2007.

#### *Operating income*

The improvement in operating income for the first quarter 2008 compared to the first quarter 2007 was due to the significant growth in revenues and transactions processed and the benefit of foreign currency translations to the U.S. dollar, partially offset by the costs of development in Italy and other new and growing markets.

Operating income as a percentage of revenues was 7.2% for the first quarter 2008 compared to 7.5% for the first quarter 2007. The decrease is primarily due to the decreases in gross margin described above and operating expenses incurred to support development in new and growing markets. Operating income per transaction was \$0.06 for the first quarter 2008 compared to \$0.07 for the first quarter 2007. The decrease in operating income per transaction is due to the decreases in gross margins described above and the growth in revenues and transactions at our ATX subsidiary.

## MONEY TRANSFER SEGMENT

The Money Transfer Segment was established during April 2007 with the acquisition of RIA. To assist with understanding the results of the Money Transfer Segment, unaudited pro forma results have been provided as if RIA's results were included in our consolidated results of operations beginning January 1, 2007. Because our results of operations for the three months ended March 31, 2007 were insignificant, and fluctuations when compared to the three months ended March 31, 2008 are nearly entirely due to the acquisition of RIA, the following discussion and analysis will focus on pro forma results of operations. The pro forma financial information is not intended to represent, or be indicative of, the consolidated results of operations or financial condition that would have been reported had the RIA acquisition been completed as of the beginning of the periods presented. Moreover, the pro forma financial information should not be considered as representative of our future consolidated results of operations or financial condition. The following tables present the actual and pro forma results of operations for the three-month periods ended March 31, 2008 and 2007 for the Money Transfer Segment:

(dollar amounts in thousands)	As Reported		
	Three Months Ended March 31,		Year-over-Year Increase
	2008	2007	
Total revenues	\$ 52,332	\$ 789	\$ 51,543
Operating expenses:			
Direct operating costs	26,345	511	25,834
Salaries and benefits	11,757	590	11,167
Selling, general and administrative	7,452	451	7,001
Depreciation and amortization	4,827	104	4,723
Total operating expenses	50,381	1,656	48,725
Operating income (loss)	\$ 1,951	\$ (867)	\$ 2,818
Transactions processed (millions)	3.8	0.1	3.7

(dollar amounts in thousands)	Pro Forma			
	Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase Amount	Increase Percent
Total revenues	\$ 52,332	\$ 44,505	\$ 7,827	18%
Operating expenses:				
Direct operating costs	26,345	24,067	2,278	9%
Salaries and benefits	11,757	9,928	1,829	18%
Selling, general and administrative	7,452	6,591	861	13%
Depreciation and amortization	4,827	4,306	521	12%
Total operating expenses	50,381	44,892	5,489	12%
Operating income (loss)	\$ 1,951	\$ (387)	\$ 2,338	n/m
Transactions processed (millions)	3.8	3.4	0.4	12%

n/m - Not meaningful.

### Revenues

Revenues from the Money Transfer Segment include a transaction fee for each transaction as well as the difference between purchasing currency at wholesale exchange rates and selling the currency to customers at retail exchange rates. Pro forma revenue per transaction increased to \$13.77 for the first quarter 2008 from \$13.09 for the first quarter 2007. The growth rate of revenues exceeded the transaction growth rate largely as a result of the strong increase in transfers from non-U.S. locations which generally have higher-than-average

revenue per transaction. For the first quarter 2008, 70% of our money transfers were initiated in the U.S., 28% in Europe and 2% in other countries, such as Canada and Australia. This compares to 80% initiated in the U.S., 19% initiated in Europe and 1% initiated in other countries for the first quarter 2007. We expect that the U.S. will continue to represent our highest volume market; however, significant future growth is expected to be derived from non-U.S. initiated sources.

The increase in pro forma revenues for the first quarter 2008 compared to the first quarter 2007 is primarily due to an increase in the number of transactions processed. For the first quarter 2008, money transfers to Mexico, which represented 33% of total money transfers, decreased by 9%, while transfers to all other countries increased 22% when compared to the first quarter 2007 due to the expansion of our operations and continued growth in immigrant worker populations. The decline in transfers to Mexico was largely the result of immigration developments, downturns in certain labor markets and other economic factors impacting the U.S. market. These issues have also resulted in certain competitors lowering transaction fees and foreign currency exchange spreads in certain markets where we do business in an attempt to limit the impact on money transfer volumes.

#### *Direct operating costs*

Direct operating costs in the Money Transfer Segment primarily represent commissions paid to agents that originate money transfers on our behalf and distribution agents that disburse funds to the customers' destination beneficiary, together with less significant costs, such as telecommunication and bank fees to collect money from originating agents. Direct operating costs generally increase or decrease by a similar percentage as transactions.

#### *Gross margin*

Pro forma gross margin, which represents revenues less direct costs, was \$26.0 million for the first quarter 2008 compared to \$20.4 million for the first quarter 2007. This improvement is primarily due to the growth in money transfer transactions and revenues discussed above. Despite the decrease in money transfers to Mexico, the related gross margin slightly increased as we largely avoided lowering prices. Pro forma gross margin as a percentage of revenues was 50% for the first quarter 2008 compared to 46% for the first quarter 2007.

#### *Salaries and benefits*

Salaries and benefits include salaries and commissions paid to employees, the cost of providing employee benefits, amounts paid to contract workers and accruals for incentive compensation. The increase in pro forma salaries and benefits for the first quarter 2008 compared to the first quarter 2007 is primarily to support expansion of the Company's operations, primarily internationally.

#### *Selling, general and administrative*

Selling, general and administrative expenses include operations support costs, such as rent, utilities, professional fees, indirect telecommunications, advertising and other miscellaneous overhead costs. The increase in pro forma selling, general and administrative expenses for the first quarter 2008 compared to the first quarter 2007 is primarily to support expansion of the Company's operations, primarily internationally.

#### *Depreciation and amortization*

Depreciation and amortization primarily represents amortization of acquired intangibles and also includes depreciation of money transfer terminals, computers and software, leasehold improvements and office equipment. The increase in pro forma depreciation and amortization for the first quarter 2008 compared to the first quarter 2007 is primarily due to additional computer equipment in our customer service centers and increased leasehold improvements, office equipment and computer equipment for expansion of our company stores.

#### *Operating income*

The increase in pro forma operating income for the first quarter 2008 compared to the first quarter 2007 is the result of increased pro forma revenues, without commensurate increases in pro forma operating expenses, as discussed in more detail in the sections above.



## CORPORATE SERVICES

The following table presents the operating expenses for the three-month periods ended March 31, 2008 and 2007 for Corporate Services:

(dollar amounts in thousands)	Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase Amount	Increase Percent
Salaries and benefits	\$ 4,461	\$ 2,700	\$ 1,761	65%
Selling, general and administrative	4,444	910	3,534	388%
Depreciation and amortization	294	60	234	390%
Total operating expenses	<u>\$ 9,199</u>	<u>\$ 3,670</u>	<u>\$ 5,529</u>	151%

### Corporate operating expenses

Operating expenses for Corporate Services increased substantially for the first quarter 2008 compared to the first quarter 2007. The increase in salaries and benefits is primarily the result of severance costs related to certain senior level positions and overall Company growth. The increase in selling, general and administrative expenses was due primarily to the write-off of \$3.0 million in professional fees and settlement costs associated with our potential acquisition of MoneyGram. The increase in corporate depreciation and amortization is the result of amortization associated with the third quarter 2007 purchase of an enterprise-wide desk-top license.

## OTHER INCOME (EXPENSE), NET

(dollar amounts in thousands)	Three Months Ended March 31,		Year-over-Year Change	
	2008	2007	Increase (Decrease) Amount	Increase (Decrease) Percent
Interest income	\$ 3,826	\$ 4,345	\$ (519)	(12%)
Interest expense	(6,867)	(3,581)	(3,286)	92%
Income from unconsolidated affiliates	243	240	3	1%
Impairment loss on investment securities	(17,502)	—	(17,502)	n/m
Loss on early retirement of debt	(155)	—	(155)	n/m
Foreign currency exchange gain, net	<u>13,073</u>	<u>433</u>	<u>12,640</u>	2919%
Total other income (expense)	<u>\$ (7,382)</u>	<u>\$ 1,437</u>	<u>\$ (8,819)</u>	n/m

n/m - Not meaningful.

### Interest income

The decrease in interest income for the first quarter 2008 from the first quarter 2007 was primarily due to a decline in short-term interest rates and a decrease in average cash balances on hand during the respective periods. Partly offsetting this decrease was the recognition of \$1.2 million in the first quarter 2008 for interest related to the federal excise tax refund recorded in the fourth quarter 2007.

### Interest expense

The increase in interest expense for the first quarter 2008 over the first quarter 2007 was primarily related to the additional borrowings to finance the April 2007 acquisition of RIA. We also incurred additional borrowings under the revolving credit facility to finance the working capital requirements of the Money Transfer Segment. We generally borrow amounts under the revolving credit facility several times each month to fund the correspondent network in advance of collecting remittance amounts from the agency network. These borrowings are repaid over a very short period of time, generally within a few days. Additionally, the effective interest rate on our debt obligations increased in the first quarter 2008 compared to the first quarter 2007 as the interest rates on the term loan and revolving credit facility are substantially higher than the interest rates on the \$315 million in outstanding convertible debentures.

#### *Income from unconsolidated affiliates*

Income from unconsolidated affiliates represents the equity in income of our 40% equity investment in e-pay Malaysia which remained flat for the first quarter 2008 compared to the first quarter 2007.

#### *Impairment loss on investment securities*

During the first quarter 2008, the value of our investment in MoneyGram declined and the decline was determined to be other than temporary. Accordingly, we recognized a \$17.5 million impairment loss.

#### *Loss on early retirement of debt*

Loss on early retirement of debt of \$0.2 million for the first quarter 2008 represents the pro-rata write-off of deferred financing costs associated with the portion of the \$190 million term loan that was prepaid during the first quarter 2008. We expect to continue to prepay amounts outstanding under the term loan through available cash flows and, accordingly, recognize losses on early retirement of debt for the pro-rata portion of unamortized deferred financing costs.

#### *Net foreign currency exchange gain*

Assets and liabilities denominated in currencies other than the local currency of each of our subsidiaries give rise to foreign currency exchange gains and losses. Exchange gains and losses that result from re-measurement of these assets and liabilities are recorded in determining net income. We recorded a net foreign currency exchange gain of \$13.1 million in the first quarter 2008 and \$0.4 million in the first quarter 2007. The foreign currency exchange gains recorded are a result of the impact of fluctuations in foreign currency exchange rates on the recorded value of these assets and liabilities. For the first quarter 2008, compared to the first quarter 2007, the U.S. dollar weakened against most European-based currencies, primarily the euro and British pound, creating realized and unrealized foreign currency exchange gains.

#### **INCOME TAX EXPENSE**

The effective tax rate, after consideration of minority interest, was 264.3% and 29.9% for the three-month periods ended March 31, 2008 and 2007, respectively. The net loss for the first quarter 2008 reflects an unrealized capital loss of \$17.5 million recorded in connection with our investment in MoneyGram, for which an associated tax benefit was not recorded because of the uncertainty surrounding our future ability to have offsetting capital gains.

Excluding the impact of this unrealized capital loss, the effective income tax rate was 50.8% for the first quarter 2008, compared to 29.9% for the first quarter 2007. This increase in the effective tax rate primarily relates to the recognition of deferred income tax expense in the U.S. attributable to pre-tax income generated by our U.S. operations from foreign currency gains and interest income earned on loans to foreign subsidiaries. For U.S. federal income tax purposes, however, we have significant net operating losses that will offset taxable income generated in future periods from pre-tax income produced by our U.S. operations and the recognition of the future tax effects of temporary differences recorded as deferred tax liabilities. The first quarter 2008 effective tax rate was also unfavorably impacted by the acquisition of RIA, which operates in jurisdictions that have tax rates that are higher than our historical effective tax rate.

We determine income tax expense and remit income taxes based upon enacted tax laws and regulations applicable in each of the taxing jurisdictions where we conduct business. Based on our interpretation of such laws and regulations, and considering the evidence of available facts and circumstances and baseline operating forecasts, we have accrued the estimated tax effects of certain transactions, business ventures, contractual and organizational structures, projected business unit performance, and the estimated future reversal of timing differences. Should a taxing jurisdiction change its laws and regulations or dispute our conclusions, or should management become aware of new facts or other evidence that could alter our conclusions, the resulting impact to our estimates could have a material adverse effect to our Consolidated Financial Statements.

#### **DISCONTINUED OPERATIONS**

In July 2002, we sold substantially all of the non-current assets and related capital lease obligations of our ATM processing business in France to Atos S.A. During the first quarter 2007, we received a binding French Supreme Court decision relating to a lawsuit in France that resulted in a cash recovery and gain of \$0.3 million, net of legal costs. There were no related assets or liabilities held for sale at March 31, 2008 or December 31, 2007.

#### **NET INCOME (LOSS)**

We recorded a net loss of \$6.8 million for the first quarter 2008 compared to net income of \$9.5 million for the first quarter 2007. As more fully discussed above, the decrease of \$16.3 million was primarily the result of the \$17.5 million first quarter 2008 impairment loss on investment securities along with a \$7.1 million increase in income tax expense, an increase in net interest expense of \$3.8 million and

other items totaling \$0.7 million. These decreases to net income were partially offset by an increase in foreign currency gains of \$12.6 million and an increase in operating income of \$0.2 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

### *Working capital*

As of March 31, 2008, we had working capital, which is calculated as the difference between total current assets and total current liabilities, of \$237.1 million, compared to working capital of \$279.3 million as of December 31, 2007. Our ratio of current assets to current liabilities was 1.50 at March 31, 2008, compared to 1.53 as of December 31, 2007. The decrease in working capital was due primarily to the use of cash to reduce debt outstanding.

We require substantial working capital to finance operations. The Money Transfer Segment funds the correspondent distribution network before receiving the benefit of amounts collected from customers by agents. Working capital needs increase due to weekends and international banking holidays. As a result, we may report more or less working capital for the Money Transfer Segment based solely upon the fiscal period ending on a particular day. As of March 31, 2008, working capital in the Money Transfer Segment was \$55.0 million. We expect that working capital needs will increase as we expand this business.

### *Operating cash flow*

Cash flows provided by operating activities were \$14.6 million for the first quarter 2008 compared to \$7.5 million for the first quarter 2007. The increase was primarily due to fluctuations in working capital associated with the timing of the settlement process with mobile operators in the Prepaid Processing Segment.

### *Investing activity cash flow*

Cash flows provided by investing activities were \$13.5 million for the first quarter 2008, compared to cash flows used of \$46.3 million for the first quarter 2007. Our investing activities for the first quarter 2008 include the return of \$26 million that was placed in escrow in the first quarter 2007 in connection with the agreement to acquire Envios de Valores La Nacional Corp. ("La Nacional"). On January 10, 2008, we entered into a settlement agreement with La Nacional and its stockholder evidencing the parties' mutual agreement not to consummate the acquisition, in exchange for payment by Euronet of a portion of the legal fees incurred by La Nacional. Investing activities also include \$10.9 million and \$5.4 million for purchases of property and equipment and other long-term assets in the first quarter 2008 and 2007, respectively. Additionally, first quarter 2008 investing cash flows included a working capital settlement of \$1.8 million paid to the sellers of RIA, compared to \$15.0 million in investing cash flows used for the acquisitions of Omega Logic and Brodos SRL Romania during the first quarter 2007.

### *Financing activity cash flow*

Cash flows used by financing activities were \$62.6 million during the first quarter 2008 compared to cash provided of \$136.9 million during the first quarter 2007. Our financing activities for the first quarter of 2008 consisted primarily of net repayments of debt obligations, including capital lease obligations, of \$63.1 million. To support the short-term cash needs of our Money Transfer Segment, we generally borrow amounts under the revolving credit facility several times each month to fund the correspondent network in advance of collecting remittance amounts from the agency network. These borrowings are repaid over a very short period of time, generally within a few days. Primarily as a result of this, during the first quarter 2008 we had a total of \$23.5 million in borrowings and \$74.1 million in repayments under our revolving credit facility. Additionally, we paid \$0.5 million of scheduled repayments and \$9.5 million of early repayments on our term loan in the first quarter 2008. We financed these net repayments through the release of escrow cash in connection with the agreement to acquire La Nacional discussed above, cash available from operations and cash on hand. Our financing activities for the first quarter 2007 consisted primarily of proceeds from the equity private placement of \$159.4 million, partly offset by \$22.0 million of net repayments of obligations under revolving credit and capital lease arrangements and \$1.6 million of dividends paid to minority interest stockholders.

Expected future financing and investing cash requirements primarily depend on our acquisition activity and the related financing needs.

### *Other sources of capital*

**Credit Facility** — To finance the acquisition of RIA in the second quarter 2007, we entered into a \$290 million secured credit facility consisting of a \$190 million seven-year term loan, which was fully drawn at closing, and a \$100 million five-year revolving credit facility (together, the "Credit Facility"). The \$190 million seven-year term loan bears interest at LIBOR plus 200 basis points or prime plus 100 basis points and requires that we repay 1% of the outstanding balance each year, with the remaining balance payable after seven years. We estimate that we will be able to repay the \$190 million term loan prior to its maturity date through cash flows available from operations, provided our operating cash flows are not required for future business developments. Financing costs of \$4.8 million have been deferred and are being amortized over the terms of the respective loans.

The \$100 million five-year revolving credit facility replaced the previous existing revolving credit facility and bears interest at LIBOR or prime plus a margin that adjusts each quarter based upon our consolidated total debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio. We intend to use the revolving credit facility primarily to fund working capital requirements, which are expected to increase as we expand the Money Transfer business. Based on our current projected working capital requirements, we anticipate that our revolving credit facility will be sufficient to fund our working capital needs.

We may be required to repay our obligations under the Credit Facility six months before any potential repurchase date under our \$140 million 1.625% Convertible Senior Debentures Due 2024 or our \$175 million 3.5% Convertible Debentures Due 2025, unless we are able to demonstrate that either: (i) we could borrow unsubordinated funded debt equal to the principal amount of the applicable convertible debentures while remaining in compliance with the financial covenants in the Credit Facility or (ii) we will have sufficient liquidity (as determined by the administrative agent and the lenders). The Credit Facility contains three financial covenants that become more restrictive through September 30, 2008: (1) total debt to EBITDA ratio, (2) senior secured debt to EBITDA ratio and (3) EBITDA to fixed charge coverage ratio. Because of the change to these covenants over time, in order to remain in compliance with our debt covenants we will be required to increase our EBITDA, repay debt, or both. These and other material terms and conditions applicable to the Credit Facility are described in the agreement governing the Credit Facility.

The term loan may be expanded by up to an additional \$150 million and the revolving credit facility can be expanded by up to an additional \$25 million, subject to satisfaction of certain conditions including pro-forma debt covenant compliance.

As of March 31, 2008, after making required repayments on the term loan of \$1.9 million and voluntary prepayments of \$34.1 million, we had borrowings of \$154.0 million outstanding against the term loan. We had borrowings of \$12.9 million and stand-by letters of credit of \$27.3 million outstanding against the revolving credit facility. The remaining \$59.8 million under the revolving credit facility (\$84.8 million if the facility were increased to \$125 million) was available for borrowing. Borrowings under the revolving credit facility are being used to fund short-term working capital requirements in the U.S. and India. Our weighted average interest rate under the revolving credit facility as of March 31, 2008 was 9.1%.

Short-term debt obligations — Short-term debt obligations at March 31, 2008 consist only of the \$1.9 million annual repayment requirement under the term loan. Certain of our subsidiaries also have available credit lines and overdraft facilities to supplement short-term working capital requirements, when necessary. As of March 31, 2008, there were no borrowings outstanding against any of these facilities.

We believe that the short-term debt obligations can be refinanced on terms acceptable to us. However, if acceptable refinancing options are not available, we believe that amounts due under these obligations can be funded through cash generated from operations, together with cash on hand or borrowings under our revolving credit facility.

Convertible debt — We have \$175 million in principal amount of 3.50% Convertible Debentures Due 2025 that are convertible into 4.3 million shares of Euronet Common Stock at a conversion price of \$40.48 per share upon the occurrence of certain events (relating to the closing prices of Euronet Common Stock exceeding certain thresholds for specified periods). The debentures may not be redeemed by us until October 20, 2012 but are redeemable at par at any time thereafter. Holders of the debentures have the option to require us to purchase their debentures at par on October 15, 2012, 2015 and 2020, or upon a change in control of the Company. When due, these debentures can be settled in cash or Euronet Common Stock, at our option, at predetermined conversion rates.

We also have \$140 million in principal amount of 1.625% Convertible Senior Debentures Due 2024 that are convertible into 4.2 million shares of Euronet Common Stock at a conversion price of \$33.63 per share upon the occurrence of certain events (relating to the closing prices of Euronet Common Stock exceeding certain thresholds for specified periods). The debentures may not be redeemed by us until December 20, 2009 but are redeemable at any time thereafter at par. Holders of the debentures have the option to require us to purchase their debentures at par on December 15, 2009, 2014 and 2019, and upon a change in control of the Company. When due, these debentures can be settled in cash or Euronet Common Stock, at our option, at predetermined conversion rates.

These terms and other material terms and conditions applicable to the convertible debentures are set forth in the indenture agreements governing these debentures.

#### *Other uses of capital*

Payment obligations related to acquisitions — As partial consideration for the acquisition of RIA, we granted the sellers of RIA 3,685,098 contingent value rights (“CVRs”) and 3,685,098 stock appreciation rights (“SARs”). The 3,685,098 CVRs mature on October 1, 2008 and will result in the issuance of up to \$20 million of additional shares of Euronet Common Stock or payment of additional cash, at our option, if the price of Euronet Common Stock is less than \$32.56 on the maturity date. The 3,685,098 SARs entitle the sellers to acquire additional shares of Euronet Common Stock at an exercise price of \$27.14 at any time through October 1, 2008. Combined, the CVRs and SARs, the sellers are entitled to additional consideration of at least \$20 million in Euronet Common Stock or cash. The SARs also provide potential additional value to the sellers for situations in which Euronet Common Stock appreciates beyond \$32.56 per share prior

to October 1, 2008, which is to be settled through the issuance of additional shares of Euronet Common Stock. These and other terms and conditions applicable to the CVRs and SARs are set forth in the agreements governing these instruments.

We have potential contingent obligations to the former owner of the net assets of Movilcarga. Based upon presently available information, we do not believe any additional payments will be required. The seller has disputed this conclusion and has initiated arbitration as provided for in the purchase agreement. A global public accounting firm has been engaged as an independent expert to review the results of the computation. Any additional payments, if ultimately determined to be owed the seller, will be recorded as additional goodwill and could be made in either cash or a combination of cash and Euronet Common Stock at our option.

In connection with the acquisition of Brodos Romania, we agreed to contingent consideration arrangements based on the achievement of certain performance criteria. If the criteria are achieved, during 2009 and 2010, we would have to pay a total of \$2.5 million in cash or 75,489 shares of Euronet Common Stock, at the option of the seller.

Capital expenditures and needs— Total capital expenditures for the first quarter 2008 were \$11.7 million. These capital expenditures were primarily for the purchase of ATMs to meet contractual requirements in Poland, India and China, the purchase and installation of ATMs in key under-penetrated markets, the purchase of POS terminals for the Prepaid Processing and Money Transfer Segments, and office, data center and company store computer equipment and software, including capital expenditures for the purchase and development of the necessary processing systems and capabilities to enter the cross-border merchant processing and acquiring business. Total capital expenditures for 2008 are estimated to be approximately \$35 million to \$45 million.

In the Prepaid Processing Segment, approximately 95,000 of the approximately 394,000 POS devices that we operate are Company-owned, with the remaining terminals being operated as integrated cash register devices of our major retail customers or owned by the retailers. As our Prepaid Processing Segment expands, we will continue to add terminals in certain independent retail locations at a price of approximately \$300 per terminal. We expect the proportion of owned terminals to total terminals operated to remain relatively constant.

At current and projected cash flow levels, we anticipate that cash generated from operations, together with cash on hand and amounts available under our revolving credit facility and other existing and potential future financing will be sufficient to meet our debt, leasing, contingent acquisition and capital expenditure obligations. If our capital resources are insufficient to meet these obligations, we will seek to refinance our debt under terms acceptable to us. However, we can offer no assurances that we will be able to obtain favorable terms for the refinancing of any of our debt or other obligations.

#### *Other trends and uncertainties*

Cross border merchant processing and acquiring — In our EFT Processing Segment, we have entered the cross-border merchant processing and acquiring business, through the execution of an agreement with a large petrol retailer in Central Europe. Since the beginning of 2007, we have devoted significant resources, including capital expenditures of approximately \$5.6 million, to the ongoing investment in development of the necessary processing systems and capabilities to enter this business, which involves the purchase and design of hardware and software. The cross-border merchant processing and acquiring business involves processing credit and debit card transactions that are made on POS terminals, including authorization, settlement, and processing of settlement files. It will involve the assumption of credit risk, as the principal amount of transactions will be settled to merchants before settlements are received from card associations. We expect to incur an additional \$0.5 million to \$1.0 million in capital expenditures associated with the development of the necessary systems and capabilities to enter this business. We expect that the necessary systems and capabilities will be completed and we will be processing transactions during the second quarter 2008. Additionally, we expect to incur approximately \$5.0 million to \$5.5 million in operating losses related to this product for the full year 2008.

#### *Inflation and functional currencies*

Generally, the countries in which we operate have experienced low and stable inflation in recent years. Therefore, the local currency in each of these markets is the functional currency. Currently, we do not believe that inflation will have a significant effect on our results of operations or financial position. We continually review inflation and the functional currency in each of the countries where we operate.

#### **OFF BALANCE SHEET ARRANGEMENTS**

We regularly grant guarantees of the obligations of our wholly-owned subsidiaries and we sometimes enter into agreements with unaffiliated third parties that contain indemnification provisions, the terms of which may vary depending on the negotiated terms of each respective agreement. Our liability under such indemnification provisions may be subject to time and materiality limitations, monetary caps and other conditions and defenses. As of March 31, 2008, there were no material changes from the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2007. To date, we are not aware of any significant claims made by the indemnified parties or parties to whom we have provided guarantees on behalf of our subsidiaries and, accordingly, no liabilities have been recorded as of March 31, 2008.

## CONTRACTUAL OBLIGATIONS

As of March 31, 2008, there were no material changes from the disclosure relating to contractual obligations contained in our Annual Report on Form 10-K for the year ended December 31, 2007.

## SUBSEQUENT EVENTS

During April 2008, we entered into an amendment to the Credit Facility to change, among other items, the definition of one of the financial covenants contained in the original agreement. We incurred costs of \$0.6 million in connection with the amendment, which will be recognized as additional interest expense over the remaining 48 month term of the Credit Facility.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) No. 161, “Disclosures about Derivative Instruments and Hedging Activities,” which requires enhanced disclosures about an entity’s derivative and hedging activities, including: (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. We are still evaluating the impact of the adoption of SFAS No. 161; however, the impact is not expected to be material.

## FORWARD-LOOKING STATEMENTS

This document contains statements that constitute forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this document are forward-looking statements, including statements regarding 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;
- technological advances; and
- projected costs and revenues.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Forward-looking statements are typically identified by the words believe, expect, anticipate, intend, estimate and similar expressions.

Investors are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may materially differ from those in the forward-looking statements as a result of various factors, including, but not limited to, those referred to above and as set forth and more fully described in Part I, Item 1A — Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2007.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *Interest rate risk*

As of March 31, 2008, our total debt outstanding was \$498.5 million. Of this amount, \$315 million, or 63% of our total debt obligations, relates to contingent convertible debentures having fixed coupon rates. Our \$175 million contingent convertible debentures, issued in October 2005, accrue interest at a rate of 3.50% per annum. The \$140 million contingent convertible debentures, issued in December 2004 accrue interest at a rate of 1.625% per annum. Based on quoted market prices, as of March 31, 2008, the fair value of our fixed rate convertible debentures was \$276.8 million, compared to a carrying value of \$315 million.

Through the use of interest rate swap agreements covering the period from June 1, 2007 to May 29, 2009, \$50.0 million of our variable rate term debt has been effectively converted to a fixed rate of 7.3%. As of March 31, 2008, the unrealized loss on the interest rate swap agreements was \$1.7 million. Interest expense, including amortization of deferred debt issuance costs, for our total \$365 million in fixed

rate debt totals approximately \$13.8 million per year, or a weighted average interest rate of 3.8% annually. Additionally, approximately \$16.6 million, or 3% of our total debt obligations, relate to capitalized leases with fixed payment and interest terms that expire between 2008 and 2013.

The remaining \$116.9 million, or 23% of our total debt obligations, relates to debt that accrues interest at variable rates. If we were to maintain these borrowings for one year, and maximize the potential borrowings available under the revolving credit facility for one year, including the \$25.0 million in potential additional expanded borrowings, a 1% increase in the applicable interest rate would result in additional interest expense to the Company of approximately \$2.0 million. This computation excludes the \$50.0 million relating to the interest rate swap discussed above and the potential \$150.0 million in potential expanded term loan because of the limited circumstances under which the additional amounts would be available to us for borrowing.

Our excess cash is invested in instruments with original maturities of three months or less; therefore, as investments mature and are reinvested, the amount we earn will increase or decrease with changes in the underlying short term interest rates.

#### *Foreign currency exchange rate risk*

For the first quarter 2008, 75% of our revenues were generated in non-U.S. dollar countries compared to 83% for the first quarter 2007. The decrease in the percentage of revenues from non-U.S. dollar countries, compared to the prior year is due primarily to the second quarter 2007 acquisition of RIA, as well as increased revenues of our U.S.-based Prepaid Processing Segment operations. We expect to continue generating a significant portion of our revenues in countries with currencies other than the U.S. dollar.

We are particularly vulnerable to fluctuations in exchange rates of the U.S. dollar to the currencies of countries in which we have significant operations. As of March 31, 2008, we estimate that a 10% fluctuation in these foreign currency exchange rates would have the combined annualized effect on reported net income and working capital of approximately \$25 million to \$30 million. This effect is estimated by applying a 10% adjustment factor to our non-U.S. dollar pre-tax results from operations, as well as all balance sheet, including intercompany accounts receivable or payable, items that require remeasurement into the respective functional currency. We believe this quantitative measure has inherent limitations and does not take into account any governmental actions or changes in either customer purchasing patterns or our financing or operating strategies. Because a majority of our revenues and expenses are incurred in the functional currencies of our international operating entities, the profits we earn in foreign currencies have been positively impacted by the weakening of the U.S. dollar. Additionally, our debt obligations are primarily in U.S. dollars, therefore, as foreign currency exchange rates fluctuate, the amount available for repayment of debt will also increase or decrease.

We are also exposed to foreign currency exchange rate risk in our Money Transfer Segment. A majority of the money transfer business involves receiving and disbursing different currencies, in which we earn a foreign currency spread based on the difference between buying currency at wholesale exchange rates and selling the currency to consumers at retail exchange rates. This spread provides some protection against currency fluctuations that occur while we are holding the foreign currency. Our exposure to changes in foreign currency exchange rates is limited by the fact that disbursement occurs for the majority of transactions shortly after they are initiated. Additionally, we enter into foreign currency forward contracts to help offset foreign currency exposure related to the notional value of money transfer transactions collected in currencies other than the U.S. dollar. As of March 31, 2008, we had foreign currency forward contracts outstanding with a notional value of \$52.9 million, primarily in euros that were not designated as hedges and mature in a weighted average of six days. The fair value of these forward contracts as of March 31, 2008 was an unrealized loss of approximately \$0.3 million, which was partially offset by the unrealized gain on the related foreign currency receivables.

#### **ITEM 4. CONTROLS AND PROCEDURES**

Our executive management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of March 31, 2008. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of these disclosure controls and procedures were effective as of such date to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

#### **CHANGE IN INTERNAL CONTROLS**

There has been no change in our internal control over financial reporting during the first quarter 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company is from time to time a party to litigation arising in the ordinary course of its business.

Currently, there are no legal proceedings that management believes, either individually or in the aggregate, would have a material adverse effect upon the consolidated results of operations or financial condition of the Company.

### ITEM 1A. RISK FACTORS

*You should carefully consider the risks described in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 as updated in our subsequent filings with the SEC before making an investment decision. The risks and uncertainties described in our Annual Report on Form 10-K, as updated by any subsequent Quarterly Reports on Form 10-Q, 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 risks identified in our Annual Report on Form 10-K, as updated by any subsequent Quarterly Reports on Form 10-Q, actually occurs, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of our Common Stock could decline substantially.*

*This Quarterly Report 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 in our Form 10-K.*

*There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC.*



## ITEM 6. EXHIBITS

### a) Exhibits

The exhibits that are required to be filed or incorporated herein by reference are listed on the Exhibit Index below.

## EXHIBITS

### Exhibit Index

<u>Exhibit</u>	<u>Description</u>
3.1	Amended and Restated Bylaws (filed as Exhibit 3.1A to Euronet's Form 8-K filed on February 26, 2008 and incorporate by reference herein)
10.1	Amendment No. 1 to the Credit Agreement dated April 23, 2008 (1)
10.2	Amended and Restated Employment Agreement executed in March 2008 and effective April 25, 2008 between Euronet Worldwide, Inc. and Miro Bergman, Executive Vice President and Chief Operations Officer, Prepaid Processing Segment (1)(2)
10.3	Amended and Restated Employment Agreement dated April 10, 2008 between Euronet Worldwide, Inc. and Michael J. Brown, Chairman and Chief Executive Officer (1)(2)
10.4	Amended and Restated Employment Agreement dated April 10, 2008 between Euronet Worldwide, Inc. and Rick L. Weller, Executive Vice President and Chief Financial Officer (1)(2)
10.5	Amended and Restated Employment Agreement dated April 10, 2008 between Euronet Worldwide, Inc. and Jeffrey B. Newman, Executive Vice President and General Counsel (1)(2)
10.6	Amended and Restated Employment Agreement dated April 10, 2008 between Euronet Worldwide, Inc. and Juan C. Bianchi, Executive Vice President and Managing Director, Money Transfer Segment (1)(2)
12.1	Computation of Ratio of Earnings to Fixed Charges (1)
31.1	Section 302 — Certification of Chief Executive Officer (1)
31.2	Section 302 — Certification of Chief Financial Officer (1)
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer (1)
(1)	Filed herewith.
(2)	Management contracts and compensatory plans and arrangements required to be filed as Exhibits pursuant to Item 15(a) of this report.

**SIGNATURES**

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

May 9, 2008

By: \_\_\_\_\_ /s/ MICHAEL J. BROWN  
Michael J. Brown  
Chief Executive Officer

By: \_\_\_\_\_ /s/ RICK L. WELLER  
Rick L. Weller  
Chief Financial Officer

## AMENDMENT NO. 1

THIS AMENDMENT NO. 1, dated as of April 23, 2008 (this "Amendment"), of that certain Credit Agreement referenced below is by and among Euronet Worldwide, Inc., a Delaware corporation ("EWI"), certain Subsidiaries and Affiliates of EWI identified herein, as Borrowers and Guarantors, Bank of America, N.A., for itself as Administrative Agent for Domestic Loan Obligations and F/X Obligations and on behalf of the requisite Lenders, and Bank of America, N.A., acting through its Mumbai Branch, as Administrative Agent for all India Obligations. Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

## WITNESSETH

WHEREAS, multicurrency revolving and institutional term loan facilities have been established in favor of the Borrowers pursuant to the terms of that certain Credit Agreement, dated as of April 4, 2007 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers named therein, the Guarantors named therein, the Lenders identified therein, the Administrative Agent, the Domestic Collateral Agent and the Foreign Collateral Agent;

WHEREAS, EWI has requested certain amendments, waivers and consents in respect of the Credit Agreement;

WHEREAS, the Lenders have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Waiver. The Lenders hereby waive any Default or Event of Default that existed from March 31, 2008 to immediately prior to the Amendment No. 1 Effectiveness Date on account of the Credit Parties' noncompliance with the Consolidated Fixed Charge Coverage Ratio under Section 8.13(d) of the Credit Agreement; provided that the foregoing waiver shall not be deemed to modify or affect the obligations of the Credit Parties to comply with each and every other obligation, covenant, duty, or agreement under the Credit Documents from and after the date hereof. This waiver is a one-time waiver and shall not be construed to be a waiver of or in any way obligate the Lender to waive any other Default or Event of Default that may currently exist or occur hereafter.

2. Amendments to the Credit Agreement. The Credit Agreement is amended as follows:

2.1 Amendment of Definitions: Section 1.01 is amended as follows:

(a) A new definition is added to Section 1.01, which is to read as follows:

"Amendment No. 1 Effectiveness Date" means April 23, 2008.

(b) Consolidated EBITDA. A new clause (viii) is added to the definition of "Consolidated EBITDA", immediately preceding the proviso, which is to read as follows:

plus (viii) to the extent deducted in the calculation of operating income, charges resulting from the proposed acquisition of MoneyGram International Inc. in an aggregate amount not to exceed \$4 million;

(c) Consolidated Fixed Charges. In the definition of “Consolidated Fixed Charges”, clause (iii) of the definition of “Consolidated Fixed Charges” is amended and a new clause (iv) is added, which are to read respectively as follows:

plus (iii) an amount equal to ten percent (10%) of the aggregate principal amount of the Tranche B Term Loan (including as increased pursuant to Section 2.01(e), if applicable) as of the end of the applicable period; minus (iv) interest income received in cash from the Designated Deposit during such period.

(d) Designated Deposit. The definition of “Designated Deposit” is amended to read as follows:

“Designated Deposit” means amounts on deposit in one or more designated blocked accounts maintained by EWI or any Domestic Subsidiary with the Administrative Agent containing cash or Cash Equivalents from the proceeds from the issuance of securities pursuant to that certain Securities Purchase Agreement, dated March 8, 2007, by and among EWI and the purchasers identified therein.

2.2 Investments. In Section 8.02 (Investments), subsection (m) is relabeled as subsection (n), and a new subsection (m) is added, which is to read as follows:

(m) Investments in the capital stock of MoneyGram International Inc. existing as of the Amendment No. 1 Effectiveness Date; and

2.3 Restricted Payments. In Section 8.06 (Restricted Payments), subsection (g) is relabeled as subsection (h), and a new subsection (g) is added, which is to read as follows:

(g) EWI may repurchase Convertible Debentures pursuant to the terms and conditions set forth in the last paragraph of Section 8.10; and

2.4 Covenants Regarding Convertible Debentures and Other Subordinated Debt. In Section 8.10 (Covenants Regarding Convertible Debentures and Other Subordinated Debt), a new last paragraph is added, which is to read as follows:

Notwithstanding the foregoing, EWI shall be permitted to redeem, repurchase, retire or acquire, from time to time, Convertible Debentures in an aggregate principal amount of up to \$70 million, so long as no Default or Event of Default shall exist immediately before or immediately after giving effect to such redemption, repurchase, retirement or acquisition.

3. Conditions Precedent. This Amendment shall be effective immediately upon satisfaction of the following conditions:

(a) Executed Amendment. Receipt by the Administrative Agent of multiple counterparts of this Amendment duly executed by the Credit Parties, the Required Lenders and the Administrative Agent.

(b) Legal Opinions. Receipt by the Administrative Agent of favorable legal opinions of counsel for EWI and the other Domestic Credit Parties, in form and substance reasonably satisfactory to the Administrative Agent and the requisite Lenders.

(c) Organization Documents, Incumbency, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance satisfactory to the Administrative Agent:

(i) copies of the Organization Documents of each Domestic Credit Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Domestic Credit Party to be true and correct as of the date of this Amendment, unless a Responsible Officer of EWI certifies in a certificate that the Organization Documents previously delivered to the Administrative Agent in connection with the Credit Agreement have not been amended, supplemented or otherwise modified and remain in full force and effect as of the date hereof;

(ii) incumbency certificates identifying the Responsible Officers of the Domestic Credit Parties who are authorized to execute this Amendment and related documents and to act on the Domestic Credit Parties behalf in connection with this Amendment and the Credit Documents, unless a Responsible Officer of EWI certifies in a certificate that the incumbency certificates previously delivered to the Administrative Agent in connection with the Credit Agreement have not been amended, supplemented or otherwise modified and remain in full force and effect as of the date hereof.

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Domestic Credit Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment; and

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Domestic Credit Party is duly organized or formed, and is validly existing, and in good standing in its state of organization or formation;

(d) Receipt by the Administrative Agent of (i) a fee, for the benefit of the Lenders consenting to this Amendment, in an amount equal to one quarter of one percent (0.25%) of the aggregate amount of such consenting Lenders' loans and commitments under the Credit Agreement and (ii) all other fees and expenses required to be paid on or before the Amendment No. 1 Effectiveness Date.

4. Effectiveness of Amendment. On and after the date hereof, all references to the Credit Agreement in each of the Credit Documents shall hereafter mean the Credit Agreement as amended by this Amendment. For purposes of clarification, all financial covenant calculations with respect to periods prior to the Amendment No. 1 Effectiveness Date will be made using the financial definitions and covenants as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

5. Representations and Warranties: Defaults. The Credit Parties hereby affirm each of the following:

(a) all necessary action to authorize the execution, delivery and performance of this Amendment has been taken;

(b) after giving effect to this Amendment, the representations and warranties set forth in the Credit Agreement and the other Credit Documents are true and correct in all material respects as of the date hereof (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 5, the representations and warranties contained in subsections (a) and (b) of Section 6.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01 of the Credit Agreement).

(c) except as waived in Section 1 of this Amendment, before and after giving effect to this Amendment, no Default or Event of Default shall exist; and

(d) except as expressly provided otherwise herein, the liens and security interests created and granted in the Credit Documents remain in full force and effect and this Amendment is not intended to adversely affect or impair such liens and security interests in any manner.

6. Full Force and Effect. Except as modified hereby, all of the terms and provisions of the Credit Agreement and the other Credit Documents (including schedules and exhibits thereto) shall remain in full force and effect.

7. Reaffirmation of Security Interests. The Credit Parties (a) affirm that each of the liens granted in or pursuant to the Credit Documents are valid and subsisting and (b) agree that this Amendment shall in no manner impair or otherwise adversely effect any of the liens granted in or pursuant to the Credit Documents.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart. Delivery by any party hereto of an executed counterpart of this Amendment by facsimile shall be effective as such party's original executed counterpart and shall constitute a representation that such party's original executed counterpart will be delivered.

9. Fees and Expenses. The Credit Parties agree to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including the reasonable fees and expenses of Moore & Van Allen, PLLC.

10. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

**DOMESTIC BORROWERS:**

**EURONET WORLDWIDE, INC.**

By: /s/ Rick L. Weller  
Name: Rick L. Weller  
Title: EVP & CFO

**EURONET PAYMENTS & REMITTANCE, INC.**

By: /s/Eric T. Mettemeyer  
Name: Eric T. Mettemeyer  
Title: Treasurer

**RIA ENVIA, INC.**

By: /s/ Juan C. Bianchi  
Name: Juan C. Bianchi  
Title: President & CEO

**CONTINENTAL EXCHANGE SOLUTIONS, INC.**

By: /s/ Juan C. Bianchi  
Name: Juan C. Bianchi  
Title: President & CEO

**DOMESTIC GUARANTORS:**

**EURONET WORLDWIDE, INC.**

By: /s/ Rick L. Weller  
Name: Rick L. Weller  
Title: EVP & CFO

**EURONET PAYMENTS & REMITTANCE, INC.**

By: /s/Eric T. Mettemeyer  
Name: Eric T. Mettemeyer  
Title: Treasurer

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**EURONET USA, INC.**

By: /s/ Rick L. Weller

Name: Rick L. Weller

Title: Vice President

**PAYSPOT, INC.**

By: /s/Eric T. Mettemeyer

Name: Eric T. Mettemeyer

Title: President

**RIA ENVIA, INC.**

By: /s/ Juan C. Bianchi

Name: Juan C. Bianchi

Title: President & CEO

**CONTINENTAL EXCHANGE SOLUTIONS, INC.**

By: /s/ Juan C. Bianchi

Name: Juan C. Bianchi

Title: President & CEO

**RIA TELECOMMUNICATIONS OF NEW YORK, INC.**

By: /s/ Juan C. Bianchi

Name: Juan C. Bianchi

Title: President & CEO

**F/X BORROWERS:**

**EFT SERVICES HOLDINGS BV**

By: /s/ Jeff Newman

Name: Jeff Newman

Title: Executive Vice President, Euronet Worldwide, Inc.

**DELTA EURONET GmbH**

By: /s/ R. Heinz

Name: R. Heinz

Title: Managing Director

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**E-PAY HOLDINGS LTD**

By: /s/ Jeff Newman  
Name: Jeff Newman  
Title: Director

**E/X GUARANTORS:**

**EFT SERVICES HOLDINGS BV**

By: /s/ Jeff Newman  
Name: Jeff Newman  
Title: Executive Vice President, Euronet Worldwide, Inc.

**DELTA EURONET GmbH**

By: /s/ R. Heinz  
Name: R. Heinz  
Title: Managing Director

**E-PAY HOLDINGS LTD**

By: /s/ Jeff Newman  
Name: Jeff Newman  
Title: Director

**RIA FINANCIAL SERVICES AUSTRALIA PTY LTD**

By: /s/ Juan C. Bianchi  
Name: Juan C. Bianchi  
Title: President & CEO

**E-PAY AUSTRALIA PTY LIMITED**

By: /s/ Gareth Gumbley  
Name: Gareth Gumbley  
Title: Managing Director

By: /s/ Desmond Acosta  
Name: Desmond Acosta  
Title: Director

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**E-PAY AUSTRALIA HOLDINGS PTY LTD**

By: /s/ Gareth Gumbley

Name: Gareth Gumbley

Title: Managing Director

**EURONET SERVICES GmbH**

By: /s/ R. Heinz

Name: R. Heinz

Title: Managing Director

**RIA ENVIA FINANCIAL SERVICES GmbH**

By: /s/ Wolf-Dieter Weschke

Name: Wolf-Dieter Weschke

Title: Managing Director

**TRANSACT ELEKTRONISCHE ZAHLUNGSSYSTEME GmbH**

By: /s/ Marc Ehler

Name: Marc Ehler

Title: Managing Director

**EURONET BANKTECHNIKAI SZOLGÁLTATÓ KORLÁTOLT  
FELELŐSÉGŰ TÁRSASÁG**

By: /s/ Erika Schalkhammer

Name: Erika Schalkhammer

Title: Country Manager/General Manager

**EURONET ADMINISZTRÁCIÓS SZOLGÁLTATÓ KORLÁTOLT  
FELELŐSÉGŰ TÁRSASÁG**

By: /s/ Bence Varady-Szabo

Name: Bence Varady-Szabo

Title: EMEA Finance Director/  
Managing Director Admin.

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**EURONET PAY & TRANSACTION SERVICES S.R.L.**

By: /s/ Giuseppe Di Marco

Name: Giuseppe Di Marco

Title: Managing Director

**E-PAY NEW ZEALAND LIMITED**

By: /s/ Gareth Gumbley

Name: Gareth Gumbley

Title: Managing Director

**EURONET TELERECARGA, S.L. SOCIEDAD UNIPERSONAL**

By: /s/ Lars Oro

Name: Lars Oro

Title: Sole Administrator

**E-PAY LIMITED**

By: /s/ Anthony Westlake

Name: Anthony Westlake

Title: Director

**RIA FINANCIAL SERVICES LIMITED**

By: /s/ Marcela Gonzalez

Name: Marcela Gonzalez

Title: Country Manger

**OMEGA LOGIC LIMITED**

By: /s/ Jeff Newman

Name: Jeff Newman

Title: Director

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**EURONET ESSENTIS LIMITED**

By: /s/ A.S. Brown  
Name: A.S. Brown  
Title: Chief Operating Officer

**ENVIA TELECOMUNICACIONES, S.A.**

By: /s/ Lars Oro  
Name: Lars Oro  
Title: Sole Administrator

**EURONET BUSINESS HOLDINGS S.L.**

By: /s/ Lars Oro  
Name: Lars Oro  
Title: Sole Administrator

**RIA SPAIN HOLDINGS, S.L.**

By: /s/ Lars Oro  
Name: Lars Oro  
Title: Sole Administrator

**BANKOMAT 24/EURONET SP.Z.O.O.**

By: /s/ Miro Bergman  
Name: Miro Bergman  
Title: President

**INDIA BORROWER:**

**EURONET SERVICES INDIA PVT LTD.**

By: /s/ Jeff Newman  
Name: Jeff Newman  
Title: Director

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**ADMINISTRATIVE AGENT**  
**(FOR DOMESTIC LOAN**  
**OBLIGATIONS AND**  
**F/X OBLIGATIONS):**

**BANK OF AMERICA, N.A.,**  
as Administrative Agent

By: /s/ Michael Brashler  
Name: Michael Brashler  
Title: Vice President

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**ADMINISTRATIVE AGENT**  
**(FOR INDIA OBLIGATIONS):**

**BANK OF AMERICA, N.A.**, acting through its Mumbai Branch, as Administrative Agent for all India related credit facilities

By: /s/ Rohit Midma  
Name: Rohit Midma  
Title: Vice President

**LENDERS:**

**BANK OF AMERICA, N.A.**,  
as Domestic L/C Issuer, F/X L/C Issuer, Domestic  
Swingline Lender and as a Lender

By: /s/ Jeffrey P. Yoakum  
Name: Jeffrey P. Yoakum  
Title: Vice President

**AIB DEBT MANAGEMENT LIMITED**

By: /s/ Joseph Augustini  
Name: Joseph Augustini  
Title: Senior Vice President

**AMERICAN INTERNATIONAL GROUP, INC.**

By: /s/ Chang W. Chung  
Name: Chang W. Chung  
Title: Vice President

**ATLANTIS FUNDING LTD.**

By: /s/ Thomas Ewald  
Name: Thomas Ewald  
Title: Authorized Signatory

**CIFC FUNDING 2007-III, LTD.**

By: /s/ Sean O. Dougherty  
Name: Sean O. Dougherty  
Title: General Counsel

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**PRUDENTIAL INVESTMENT MANAGEMENT, INC.**

By: /s/ Stephen J. Collins

Name: Stephen J. Collins

Title: Vice President

**EAGLE MASTER FUND LTD.**

By: /s/ Robert O'Brien

Name: Robert O'Brien

Title: Vice President

**GALAXY VIII CLO, LTD.**

AIG Global Investment Corp as Collateral Manager

By: /s/ Chang W. Chung

Name: Chang W. Chung

Title: Vice President

**GALAXY IV CLO, LTD.**

AIG Global Investment Corp as Collateral Manager

By: /s/ Chang W. Chung

Name: Chang W. Chung

Title: Vice President

**GOLDMAN SACHS ASSET MANAGEMENT, CLO**

By: /s/ Sandra L. Stulberger

Name: Sandra L. Stulberger

Title: Authorized Signatory

**GULF STREAM-COMPASS CLO 2007-1 LTD.**

By: /s/ Barry K. Love

Name: Barry K. Love

Title: Chief Credit Officer

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**MOUNTAIN CAPITAL CLO III, LTD**

By: /s/ Jonathan Dietz

Name: Jonathan Dietz

Title: Director

**MOUNTAIN CAPITAL CLO VI, LTD**

By: /s/ Jonathan Dietz

Name: Jonathan Dietz

Title: Director

**OCTAGON INVESTMENT PARTNERS V, LTD.**

By: /s/ James P. Ferguson

Name: James P. Ferguson

Title: Executive Managing Member

**OCTAGON INVESTMENT PARTNERS VI, LTD.**

By: /s/ James P. Ferguson

Name: James P. Ferguson

Title: Executive Managing Member

**OCTAGON INVESTMENT PARTNERS XI, LTD.**

By: /s/ James P. Ferguson

Name: James P. Ferguson

Title: Executive Managing Member

**REGATTA FUNDING LTD.**

By: /s/ Robert O'Brien

Name: Robert O'Brien

Title: Vice President

**ROSEDALE CLO II LTD.**

By: /s/ Troy Isaksen

Name: Troy Isaksen

Title: Sr. Credit Analyst

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**SATURN CLO, LTD.**

By: /s/ Chang W. Chung

Name: Chang W. Chung

Title: Vice President

**MC FUNDING LTD, AS LENDER**

Monroe Capital Management LLC, as Collateral Manager

By: /s/ Jeremy VanDerMeid

Name: Jeremy VanDerMeid

Title: SVP

**THE SUMITOMO TRUST & BANKING CO., LTD.**

By: /s/ Elizabeth A. Quirk

Name: Elizabeth A. Quirk

Title: Vice President

**US BANK NATIONAL ASSOCIATION**

By: /s/ Jason C. Nadler

Name: Jason C. Nadler

Title: Vice President

**BANK OF AMERICA, N.A.**, acting through its Mumbai Branch, as  
India Revolving Lender and India L/C Issuer

By: /s/ Rohit Midma

Name: Rohit Midma

Title: Vice President

**BANK OF KANSAS CITY, N.A.**

By: /s/Matthew J. Mason

Name: Matthew J. Mason

Title: Vice President

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**CALIFORNIA BANK & TRUST, A CALIFORNIA BANKING CORPORATION**

By: /s/ Ursula St. Geme

Name: Ursula St. Geme

Title: Vice President

**CITIBANK, N.A.**

By: /s/ Scott Miller

Name: Scott Miller

Title: Vice President

**HARRINGTON BANK, A DIVISION OF LOS PADRES BANK**

By: /s/ Jeffrey L. Sweeney

Name: Jeffrey L. Sweeney

Title: SVP

**KINGSLAND V, LTD.**

By: /s/ Vincent Siino

Name: Vincent Siino

Title: Authorized Officer

**DRYDEN XVIII LEVERAGED LOAN 2007 LTD.**

Prudential Investment Management, Inc. as Collateral Manager

By: /s/ Stephen J. Collins

Name: Stephen J. Collins

Title: VP

**DRYDEN XI – LEVERAGED LOAN CDO 2006**

Prudential Investment Management, Inc. as Collateral Manager

By: /s/ Stephen J. Collins

Name: Stephen J. Collins

Title: VP

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

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**KEYBANK NATIONAL ASSOCIATION**

By: /s/ David A. Wild

Name: David A. Wild

Title: Vice President

**LLOYDS TSB BANK PLC**

By: /s/ Deborah Carlson

Name: Deborah Carlson

Title: Director

By: /s/ Elaine Kellenbach

Name: Elaine Kellenbach

Title: Associate Director

**NATIONAL CITY BANK**

By: /s/ Michael Leong

Name: Michael Leong

Title: Vice President

**GENERAL ELECTRIC CAPITAL CORPORATION**

By: /s/ Bond Harberts

Name: Bond Harberts

Title: Duly Authorized Signatory

EURONET WORLDWIDE, INC.  
AMENDMENT NO. 1

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of April 25, 2008, by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Mr. Miro Bergman, a U.S. citizen whose current residence is in Budapest, Hungary ("Employee"). (Each of the above may be individually referred to herein as a "Party" and collectively as the "Parties.")

**RECITALS**

Employer and Employee entered into an Employment Agreement dated as of June 1, 2003 (the "Original Agreement") providing for certain repatriation benefits.

The parties wish to amend and restate the Original Agreement to provide certain terms under which Mr. Bergman will be repatriated back to the United States, as provided herein.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

**1. Original Agreement Terminated.** The Original Agreement will be terminated, superseded and replaced in its entirety by this Agreement as of May 15, 2008 or such later date as is mutually agreed by the Parties (the "Effective Date"). Notwithstanding this Section 1, Employee will be entitled to any payments that are accrued but unpaid to Employee as of the time of execution of this Agreement, including, without limitation, his annual bonus for 2007 and any tax equalization payments due for the period up to the Effective Date.

**2. Term.** The term of Employee's employment under this Agreement shall continue for an initial term expiring 12 months after the Effective Date (the "Initial Term"). Following the expiration of the Initial Term, this Agreement shall continue on a month to month basis unless terminated by either party upon 30 days' prior notice. The entire term of this Agreement shall be referred to as the "Term."

**3. Duties.** Employee will report to the CEO and President of Employer and undertake special assignments as mutually agreed. In this capacity, Employee will continue to serve as a Board member and/or director of Euronet subsidiary companies as requested by Employer. He shall work from his home, provided that attendance may be required at the Employer's headquarters from time to time, not to exceed three days a month.

**4. Compensation.**

a) During the Term, as compensation for services rendered by Employee hereunder, Employer shall pay Employee a base salary of \$60,000 per annum, in installments in accordance with Employer's general practices (as in effect from time to time, "Base Salary"). Employee shall continue to vest in and otherwise be entitled to all of the benefits of any equity awards that have previously been granted by Employer to Employee.

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b) Employer will pay or reimburse Employee for expenses arising in connection with his repatriation, including the cost of moving household effects and airfare for himself and his family, within a limit of \$30,000.

**5. Other Benefits.** During the Term, Employee shall continue to participate in any benefit plans in which he currently participates, provided that it is understood Employee will elect COBRA coverage commencing as of the Effective Date. He shall be entitled to annual paid vacation in accordance with the policies of Employer as applicable to employees of the Kansas City office, but with a minimum of 20 days per year. The timing of the holiday shall be approved by the Employer in advance.

**6. Business Expense Reimbursement.** Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are reasonably documented.

**7. Restrictions on Employee's Conduct.**

(a) **Confidential Information.** During the Term and for 12 months after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, and all copies thereof.

(b) **Business Opportunities and Conflicts of Interests.**

- (i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type, which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.
- (ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(c) Non-Solicitation. During the Term, Employee shall not, except in the course of Employee's duties under this Agreement, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(d) Covenant Not to Compete.

- (i) During the Term, Employee shall not, without Employer's prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business that is in competition with Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company's outstanding equity.
- (ii) For purposes of this Agreement, a business shall be deemed to engage in competition with Employer if it is engaged in providing (i) electronic financial transaction processing services to banks, retailers, mobile operators or other customers, including ATM or POS outsourcing, processing of prepaid products or sale of software relating to any of the above, or (ii) money transfer services. The provisions of this Section 7(e) shall apply in any location in which Employer has established, or is in the process of establishing, a subsidiary.

(e) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 7 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(f) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 7 as unenforceable or void, the provisions of this Section 7 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(g) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 7, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 7 to any person, including future employers of Employee.

## **8. Termination.**

(a) Termination by Employer for Cause. At any time during the Term of this

Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

- (i) payment of any unpaid portion of Employee's Base Salary through the effective date of such termination;
- (ii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits (including without limitation, any bonus due by virtue of having met all applicable performance targets prior to the effective date of such termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer.

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; and (3) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer.

(b) Termination by Employer Without Cause. At any time after the Initial Term, Employer may terminate Employee's employment without Cause, by giving written notice of termination. Any notice of termination shall be effective as of the first day of the calendar month following the giving of such notice. If Employee's employment is terminated without Cause, Employee shall be entitled to receive from Employer the following:

- (i) reimbursement for any outstanding reasonable business expense Employee has incurred in performing his duties hereunder during the Term;
- (ii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment, and any other rights as required by the terms of any employee benefit plan or program of Employer; and
- (ii) the right to elect continuation coverage of insurance benefits to the extent required by law.

For purposes of this Agreement, termination "without Cause" shall mean involuntary termination of employment, at the direction of Employer, in the absence of "Cause" as defined above.

(d) Voluntary Termination by Employee. Employee may terminate this Agreement at any time by giving 30 days' written notice to Employer. If Employee voluntarily terminates employment for reasons other than Employee's death or disability, employee shall be entitled to:

- (i) payment of any unpaid portion of Employee's then current Base Salary through the effective date of such termination;
  - (ii) reimbursement of any outstanding reasonable business expense Employee has incurred in performing Employee's duties hereunder.
  - (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
  - (iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.
- (e) **Cash in Lieu of Benefits.** If any benefit plan pursuant to which Employee is entitled to receive benefits pursuant to Section 8 shall by its terms does not permit participation by Employee following a Termination, then Employer shall pay to Employee at the time such benefits would have been paid the value thereof in cash.

**9. Deductions and Withholding.** Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

**10. Arbitration.** Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its or Employee's own costs and attorney's fees with respect to the arbitration. Nothing in this Section 10 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(g).

**11. Non-Waiver.** It is understood and agreed that one Party's failure at any time to require the performance by the other Party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first Party's right thereafter to enforce the same, nor shall the waiver by either Party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

**12. Severability.** If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**13. Survivability.** Unless otherwise provided herein, upon termination or expiration of the





IN WITNESS WHEREOF, the Parties have duly executed this Agreement, to be effective as of the date first above written.

**Euronet Worldwide, Inc.**  
a Delaware Corporation

/s/ Miro Bergman  
Miro Bergman

/s/ Kevin Caponecchi  
By: Kevin Caponecchi  
Title: President

**EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is made as of April 10, 2008 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Michael J. Brown ("Employee").

**RECITALS**

**WHEREAS**, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

**1. Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 7 or 8 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirety any written or verbal employment agreement then in effect between Employer and Employee.

**2. Service.** During the Term, Employee shall serve as Chief Executive Officer and, subject to the provisions hereof regarding constructive termination Without Cause, in such other positions and perform services in such other departments of Employer as requested by Employer's Board of Directors (the "Board"). Employee shall perform such services as normally are associated with such positions.

**3. Compensation and Benefits.**

(a) **Base Salary.** During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of \$500,000 per annum, which shall be payable in installments and increased from time to time in accordance with Employer's general payroll practices (as in effect from time to time, "Base Salary").

(b) **Other Compensation.**

- (i) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer's executive level employees pursuant to policies established from time to time by Employer. Employee shall be eligible for bonuses under
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Employer's executive bonus plan, subject to meeting performance or other targets set by Employer with respect to such bonuses.

- (ii) Employee and Employee's immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer's group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

**4. Other Benefits.** During the Term, Employee shall be entitled to annual vacation of 20 days, provided however that Employee may not use more than ten consecutive vacation days at one time.

**5. Business Expense Reimbursement.** Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are supported by actual receipts and are reasonably documented as to purpose, persons, place and time.

**6. Restrictions on Employee's Conduct.**

(a) **Exclusive Services.** During the Term, Employee shall at all times devote Employee's full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer's subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer's written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee's duties and obligations under this Agreement; or (ii) Employee's charitable, philanthropic or professional association activities which do not interfere with the performance of Employee's duties and obligations under this Agreement.

(b) **Confidential Information.** During the Term and after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon

termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, including all copies, extracts, and summaries thereof and any Confidential Information stored electronically on drives, hard drives, tapes, computer disks or in any other manner.

(c) Business Opportunities and Conflicts of Interests.

- (i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.
- (ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. For a period of two years following any termination of this Agreement, Employee shall not directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(e) Covenant Not to Compete.

- (i) During the Term, Employee shall not, without Employer's prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee's knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company's outstanding equity.

- (ii) For a period of two years following any termination of this Agreement and without regard to whether Employer or Employee terminates this Agreement, Employee shall not, engage in competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee's employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.
- (iii) For purposes of this Agreement, Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing electronic financial transaction processing or other services similar to those provided by Employer or any member of Employer's group of companies. The provisions of this Section 6(e) shall apply in any location in which Employer has established, or is in the process of establishing, a business presence.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 6 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 6 to any person, including future employers of Employee.

#### **7. Termination.**

(a) Termination by Employer for Cause. Subject to the last sentence of this Section 7(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written

notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's Base Salary through the effective date of such termination;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense he has incurred in performing Employee's duties hereunder
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits (including without limitation, any bonus due by virtue of having met all applicable performance targets prior to the effective date of such termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer.

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) willful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer. Notwithstanding the provisions of this Section 7(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense. For purposes of this entire agreement and for the avoidance of doubt, the "termination" of Employee's employment is intended to be a "separation from service" under Code section 409A(a)(2)(A)(i) and is to be interpreted in a manner consistent with such section and applicable Treasury regulations issued thereunder.

(b) Termination by Employer Without Cause or Constructive Termination Without Cause Before a Change of Control. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination. If Employee's employment is terminated without Cause, or if there is a constructive termination without Cause, as defined below, Employee shall be entitled to receive from Employer the following:

- (i) severance benefits including:

- (A) subject to Section 7(h) below, payment of the then current Base Salary for a severance Period of 24-months commencing on the effective date of Employee's termination (the "Severance Period"), in accordance with Employer's regular salary payment practices,
  - (B) continuation of the vesting of any outstanding stock options, restricted stock awards and other equity incentive awards ("Equity-Based Awards") and continuation of the Employee's rights to exercise any outstanding Equity-Based Awards, through the full 24 month Severance Period. For purposes of these equity awards, Employee shall be considered to be an employee of the Employer during the entire Severance Period, and shall abide by the Covenant Not to Compete of Section 6(e) of this Agreement; and
  - (C) continued coverage for Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) under Employer's welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee's termination as if he had remained in employment until the end of the Severance Period. If Employee's participation in any Employer welfare benefit plan is barred or cannot be continued under applicable laws, Employer shall either arrange to provide substantially similar welfare benefits or pay Employee the equivalent tax affected value of such substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code Section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder during the Term;
  - (iii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance



Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

- (iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (v) payment of COBRA premiums for medical benefits for a period of up to six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination “without Cause” shall mean involuntary termination of employment, at the direction of Employer, in the absence of “Cause” as defined above. For purposes of this Agreement, “constructive termination without Cause” shall mean a termination of Employee at Employee’s own initiative within one year following the occurrence, without Employee’s prior written consent, of one or more of the following events not on account of Cause (“Constructive Termination Events”):

- (1) a significant and adverse diminution in the nature or scope of Employee’s authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee’s previous authority or duties;
- (2) a reduction in Employee’s then-current Base Salary, or a significant reduction in Employee’s opportunities for earnings under Employee’s incentive compensation plans (not attributable to economic conditions or business performance at the time), or the termination or significant reduction of any employee benefit or perquisite enjoyed by him (except as part of a general reduction that applies to substantially all similarly situated employees or participants);
- (3) a change in Employee’s place of employment such that Employee is required to work more than 50 miles from Employee’s then current place of employment; or
- (4) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within 45 days after a merger, consolidation, sale or similar transaction.

If Employee believes there exists a basis for a constructive termination without Cause, Employee shall provide Employer written notice within 30 days of the occurrence of the Constructive Termination Event describing such event, and Employer shall be provided the opportunity to cure the cause of the constructive termination event within a 30-day period following Employer’s receipt of the written notice. If the cause of the constructive termination is cured, then no constructive termination without Cause shall be found to have taken place.

(c) Voluntary Termination by Employee. Employee may terminate this Agreement at any time by giving 60 days’ written notice to Employer. If Employee voluntarily

terminates his employment for reasons other than Employee's death, disability, or constructive termination without Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement of any reasonable, unreimbursed and documented business expense Employee incurred in performing Employee's duties hereunder.
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(c) shall be made within 30 days of Employee's termination of employment.

(d) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law;
- (iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and
- (v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards as provided by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(d) shall be made within 30 days of Employee's death.

(e) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

- (i) payment of a lump-sum disability benefit equal to 12 months' then current Base Salary;
- (ii) continuation of the vesting of any outstanding Equity-Based Awards and continuation of Employee's rights to exercise any outstanding Equity-Based Awards, through the effective date of such termination and for a period of 12 months following such termination.
- (iii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards, as provided by the terms of any employee benefit plan or program of Employer.

Any payments under this Section 7(e) shall be made within 30 days of Employee's termination of employment. "Disability," as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, or is likely to prevent, as certified by a physician, Employee from performing one or more of the essential functions of Employee's position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act.

(f) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 6 hereof at any time following any termination, then Employer shall have no further obligation to pay any amounts or provide any benefits under this Agreement.

(g) No Obligation to Mitigate. Following any termination under this Section 7, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(h) Payments to Specified Employee. If Employee is a "specified employee" (as defined in section 409A(a)(2)(B)(i) of the Internal Revenue Code (the "Code") (hereinafter a

“Specified Employee”) at the time Employee is eligible to be paid any amounts under Section 7(b)(i)(A) and (B), such payment(s) shall be made as follows:

- (i) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (A) and (B), below, shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the Severance Period —
  - (A) The sum of Employee’s annualized compensation based upon the annual rate of pay for services provided to Employer for Employee’s taxable year preceding Employee’s taxable year in which Employee has a separation from service with Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (B) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee’s termination of employment.
- (ii) That portion which exceeds the amount that may be paid under Section 7(h)(i) above shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee’s termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first day after six months following Employee’s termination of employment, at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the remainder of the Severance Period.

**8. Continuation of Employment Upon Change of Control.**

(a) Continuation of Employment. Subject to the terms and conditions of this Section 8, in the event of a Change of Control of Employer (as defined in Section 8(c)) at any time during Employee’s employment hereunder, Employee will remain in the employ of Employer for a period of an additional three years from the date of such Change of Control (the “Control Change Date”). Employer shall, for the three year period (the “Three-Year Period”) immediately following the Control Change Date, continue to employ Employee in a position without substantial adverse alteration in the nature or status of Employee’s authority, duties or responsibility as compared with the position Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control

Change Date. Any termination of employment by the Employer following a Control Change Date and during the Three-Year Period (a “Post-CoC Termination”) shall be governed by this Section 8 rather than the provisions of Section 7(a) or (b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to receive the following benefits and participate, on the basis of his employment position, in each of the following plans (collectively, the “Specified Benefits”) in existence, and in accordance with the terms thereof, at the Control Change Date:

- (i) any incentive compensation plans;
- (ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer’s ESPP and other stock option plans); and
- (iii) any other benefit plans hereafter made generally available to employees at Employee’s level or to the employees of Employer generally.

In addition, all outstanding Equity-Based Awards held by Employee shall become immediately vested on the Control Change Date.

(c) Definition of Change of Control. For purposes of this Section, a “Change of Control” shall be considered to have occurred if (i) Employer has completed a merger, consolidation or dissolution such that immediately after such event the shareholders of Employer immediately before such merger, consolidation or dissolution hold less than 50% of the surviving entity and such transaction has been closed; (ii) Employer completes a sale, exchange or disposition of all or substantially all of Employer’s assets and such transaction has been closed; (iii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved; or (iv) any “person” (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) shall have become “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer’s then outstanding voting securities.

(d) Termination Without Cause After Change of Control. Notwithstanding any other provision of this Section 8, at any time after the Control Change Date, Employer may terminate the employment of Employee with or without Cause. To the extent Employee experiences a Post-CoC Termination:

- (i) Employer shall pay Employee any earned but unpaid portion of Employee’s Base Salary through the effective date of such Post-CoC Termination;

- (ii) Employer shall reimburse Employee for any reasonable, unreimbursed and documented business expenses Employee incurred in performing Employee's duties hereunder;
- (iii) Employer shall pay Employee an amount (the "Special Severance Payment") equal to the present value (calculated using a discount rate equal to 7.5% per annum) of Employee's Base Salary that would have been paid to Employee had Employee remained an employee until the later of (A) the end of the Three-Year Period or (B) 24 months following the effective date of Employee's Post-CoC Termination (such additional 24 month period in this Section 8(d)(iii)(B) hereinafter referred to as the "Extended Period"); provided, however, if any portion of Employee's Special Severance Payment is not accelerated and paid earlier than it would have been paid as a monthly installment payment (as may be the case with certain amounts paid within six months following Employee's termination or certain amounts paid under Section 8(f)(iii)-(vi)), no such present value discount shall be applied to such portion(s) of the payment; and
- (iv) Employer shall provide Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) coverage under Employer's welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee's termination as if he had remained in employment until the end of the Three-Year Period, or, if longer, the end of the Extended Period. If Employee's participation in any welfare plan is barred, the Employer shall either arrange to provide Employee (his spouse and family, if applicable) substantially similar welfare benefits or pay Employee the equivalent tax affected value of the substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred

Payments required under paragraphs (i) through (iv) above shall be made in accordance with Section 8(f).

(e) Resignation following a Change of Control. If, within the Three-Year Period Employee experiences a Constructive Termination Event, and after providing written notice to Employer no later than 90 days of the date the Constructive Termination Event first arose or occurred, Employer fails to cure the event or condition giving rise to the Constructive Event within the 30-day period following Employer's receipt of the written notice, Employee may, effective at the end of such 30-day cure period, resign his employment with Employer (the "Resignation"). In connection with such Resignation, Employer shall pay to Employee the same amounts and benefits Employee would have been entitled to receive if he experienced a Post-CoC Termination under Section 8(d) above.

(f) Timing of Payments. The time at which all payments due under Sections 8(d) or 8(e) above will commence and the form in which such payments will be made will depend upon

the following three factors: (1) whether Employee is a Specified Employee, (2) whether the Post-CoC Termination occurs on or before, or after the second anniversary of the Control Change Date and (3) whether the Change of Control constitutes a “change in the ownership or effective control” of Employer or a “change in the ownership of a substantial portion of the assets” of Employer within the meaning of Code section 409A(a)(2)(A)(v) and the applicable Treasury Regulations issued thereunder (a “Section 409A Change of Control”). Each of the payment scenarios is set forth below:

- (i) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
  - (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment—
    - (1) The sum of Employee’s annualized compensation based upon the annual rate of pay for services provided to Employer for Employee’s taxable year preceding Employee’s taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee’s termination of employment.
  - (B) That portion which exceeds the amounts that may be paid under Section 8(f)(i)(A) above shall be paid, in a lump sum, on the first day after the six month anniversary of the effective date of Employee’s termination of employment.
- (ii) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment.

- (iii) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee's termination of employment—
    - (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
  - (B) That portion which exceeds the amount that may be paid under Section 8(f)(iii)(A) above shall be paid in equal installments in accordance with Employee's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first payment made six months and one day following Employee's termination of employment at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period.
- (iv) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:



- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2), below, shall be paid in a lump sum payment within 5 business days of Employee's termination of employment—
  - (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
- (B) That portion which exceeds the amount that may be paid under Section 8(f)(iv)(A), above, shall be paid in equal installments over the Severance Period in accordance with Employer's regular salary payment practices.
- (v) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iii) above.
- (vi) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iv) above.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if

obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) **Expenses.** If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney's fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute.

(h) **Successors in Interest.** The rights and obligations of Employer and Employee under this Section 8 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 8 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer's assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 8 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

**9. Deductions and Withholding.** Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

**10. Gross Up Payment.** If at any time or from time to time, it shall be determined by tax counsel mutually agreeable to Employer and Employee that any payment or other benefit to Employee pursuant to this Agreement or otherwise ("Potential Parachute Payment") is or will become subject to the excise tax imposed by Section 4999 of the Code or any similar tax ("Excise Taxes"), then Employer shall, subject to the limitations below, pay or cause to be paid a tax gross-up payment ("Gross-Up Payment") with respect to all such Excise Taxes and other taxes on the Gross-Up Payment. The Gross-Up Payment shall be an amount equal to the product of (a) the amount of the Excise Taxes multiplied by (b) a fraction (the "Gross-Up Multiple"), the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the lesser of (i) the sum, expressed as a decimal fraction, of the effective marginal rates of any taxes and any Excise Taxes applicable to the Gross-Up Payment or (ii) .80, it being intended that the Gross-Up Multiple shall in no event exceed five (5.0). If different rates of tax are applicable to various portions of a Gross-Up Payment, the weighted average of such rates shall be used. Excise Taxes and other penalties under Section 409A of the Code shall not be "any similar tax" for purposes of this Agreement.

(a) To the extent possible, any payments or other benefits to Employee pursuant to this Agreement shall be allocated as consideration for Employee's entry into the covenants made by him in Section 6.

(b) Notwithstanding any other provisions of this Section 10, if the aggregate After-Tax Amount (as defined below) of the Potential Parachute Payments and Gross-Up Payment that, but for this limitation, would be payable to Employee, does not exceed 120% of After-Tax Floor Amount (as defined below), then no Gross-Up Payment shall be made to Employee and the aggregate amount of Potential Parachute Payments payable to Employee shall be reduced (but not below the Floor Amount) to the largest amount which would both (i) not cause any Excise Tax to be payable by Employee and (ii) not cause any Potential Parachute Payments to become nondeductible by Employer by reason of Section 280G of the Code (or any successor provision). For purposes of the preceding sentence, Employee shall be deemed to be subject to the highest effective after-tax marginal rate of taxes.

For purposes of this Agreement:

(i) "After-Tax Amount" means the portion of a specified amount that would remain after payment of all taxes paid or payable by Employee in respect of such specified amount; and

(ii) "Floor Amount" means the greatest pre-tax amount of Potential Parachute Payments that could be paid to Employee without causing Employee to become liable for any Excise Taxes in connection therewith; and

(iii) "After-Tax Floor Amount" means the After-Tax Amount of the Floor Amount.

(c) If for any reason tax counsel mutually agreeable to Employer and Employee later determine that the amount of Excise Taxes payable by Employee is greater than the amount initially determined pursuant to the above provisions of this Section 10, then Employer shall, subject to Sections 10(d) and 10(e) pay Employee, within thirty (30) days of such determination, or pay to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to the product of (a) the sum of (i) such additional Excise Taxes and (ii) any interest, penalties, expenses or other costs incurred by Employee as a result of having taken a position in accordance with a determination made pursuant to Paragraph 10(d), multiplied by (b) the Gross-Up Multiple.

(d) Employee shall immediately notify Employer in writing (an "Employee's Notice") of any claim by the IRS or other taxing authority (an "IRS Claim") that, if successful, would require the payment by Employee of Excise Taxes in respect of Potential Parachute Payments in an amount in excess of the amount of such Excise Taxes determined in accordance with Section 10. Employee's Notice shall fully inform Employer of all particulars of the IRS Claim and the date on which such IRS Claim is due to be paid (the "IRS Claim Deadline").

Employer shall direct the Employee as to whether to pay all or part of the IRS Claim or to contest the IRS Claim or to pursue a claim for a refund (a "Refund Claim") of all or any portion of such Excise Taxes, other taxes, interest or penalties as may be specified by Employer in a written notice to Employee. If Employer directs Employee to pay all or part of the IRS Claim, the amount of such payment shall also be deemed a Gross-Up Payment, which Employer shall pay to the Employee or the IRS, as appropriate. The Employee shall cooperate fully with Employer in good faith to contest such IRS Claim or pursue such Refund Claim (including appeals) and shall permit Employer to participate in any proceedings relating to such IRS Claim or Refund Claim.

Employer shall control all proceedings in connection with such IRS Claim or Refund Claim (as applicable) and in its discretion may cause Employee to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or other taxing authority.

Employer shall pay directly all legal, accounting and other costs and expenses (including additional interest and penalties) incurred by Employer or Employee in connection with any IRS Claim or Refund Claim, as applicable, and shall indemnify Employee, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such payment of costs or expenses.

(e) If Employee receives any refund with respect to Excise Taxes, Employee shall (subject to Employer's complying with any applicable requirements of Section 10(d)) promptly pay Employer the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). Any contest of a denial of refund shall be controlled by Section 10(d).

(f) **409A Compliance.** Any Gross-Up Payment made under this Agreement shall be made no later than by the end of Employee's taxable year next following Employee's taxable year in which he remits the Excise Taxes. In the event Employee has a right to a Gross-Up Payment due to a tax audit or litigation addressing the existence or amount of a tax liability, whether Federal, state, local, or foreign, any Gross-Up Payment relating thereto will be made by the end of Employee's taxable year following Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

**11. Arbitration.** Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the

arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its own costs and attorney's fees with respect to the arbitration. Nothing in this Section 11 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

**12. Non-Waiver.** It is understood and agreed that one party's failure at any time to require the performance by the other party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first party's right thereafter to enforce the same, nor shall the waiver by either party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

**13. Severability.** If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**14. Survivability.** Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 6 and 11 through 18 shall nevertheless remain in full force and effect but shall under no circumstance extend the Term of this Agreement (or the Executive's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

**15. Governing Law.** This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

**16. Construction.** The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

**17. Entire Agreement.** This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

**18. Assignability.** Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior

written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

**19. Code Section 409A.** This Agreement is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and shall be construed and interpreted in accordance with such intent. To the extent that any payment or benefit provided hereunder is subject to Section 409A of the Code, such payment or benefit shall be provided in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment or benefit shall not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Agreement that would cause any payment or benefit to fail to satisfy Section 409A of the Code shall be amended (in a manner that as closely as practicable achieves the original intent of this Agreement) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

**20. Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to

Euronet Worldwide, Inc.  
Attention: General Counsel  
4601 College Boulevard, Ste. 300  
Leawood, Kansas 66211

if to Employee, to

Michael J. Brown

or to such other address as Employer or Employee shall have furnished to the other in writing.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement, to be effective as of the date first above written.

/s/ Michael J. Brown

Michael J. Brown

**Euronet Worldwide, Inc.**  
a Delaware Corporation

/s/ Thomas A. McDonnell

By: Thomas A. McDonnell  
Its: Chair, Compensation Committee

**EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is made as of April 10, 2008 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Rick Weller ("Employee").

**RECITALS**

**WHEREAS**, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

**1. Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 7 or 8 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirety any written or verbal employment agreement then in effect between Employer and Employee.

**2. Service.** During the Term, Employee shall serve as Executive Vice President and Chief Financial Officer and, subject to the provisions of this Agreement regarding constructive termination Without Cause, in such other positions as requested by Employer's Board of Directors (the "Board"). Employee shall perform such services as normally are associated with such positions.

**3. Compensation and Benefits.**

(a) **Base Salary.** During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of \$325,000 per annum, which shall be payable in installments and increased from time to time in accordance with Employer's general payroll practices (as in effect from time to time, "Base Salary").

(b) **Other Compensation.**

- (i) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer's executive level employees pursuant to policies established from time to time by Employer. Employee shall be eligible for bonuses under Employer's executive bonus plan, subject to meeting performance or other targets set by Employer with respect to such bonuses.
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- (ii) Employee and Employee's immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer's group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

**4. Other Benefits.** During the Term, Employee shall be entitled to annual vacation of 20 days, provided however that Employee may not use more than ten consecutive vacation days at one time.

**5. Business Expense Reimbursement.** Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are supported by actual receipts and are reasonably documented as to purpose, persons, place and time.

**6. Restrictions on Employee's Conduct.**

(a) **Exclusive Services.** During the Term, Employee shall at all times devote Employee's full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer's subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer's written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee's duties and obligations under this Agreement; or (ii) Employee's charitable, philanthropic or professional association activities which do not interfere with the performance of Employee's duties and obligations under this Agreement.

(b) **Confidential Information.** During the Term and after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, including all copies, extracts, and



summaries thereof and any Confidential Information stored electronically on drives, hard drives, tapes, computer disks or in any other manner.

(c) Business Opportunities and Conflicts of Interests.

- (i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.
- (ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. For a period of two years following any termination of this Agreement, Employee shall not directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(e) Covenant Not to Compete.

- (i) During the Term, Employee shall not, without Employer's prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee's knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company's outstanding equity.
- (ii) For a period of two years following any termination of this Agreement and without regard to whether Employer or Employee terminates this Agreement, Employee shall not, engage in

competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee's employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.

- (iii) For purposes of this Agreement, Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing electronic financial transaction processing or other services similar to those provided by Employer or any member of Employer's group of companies. The provisions of this Section 6(e) shall apply in any location in which Employer has established, or is in the process of establishing, a business presence.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 6 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 6 to any person, including future employers of Employee.

#### **7. Termination.**

(a) Termination by Employer for Cause. Subject to the last sentence of this Section 7(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's Base Salary through the effective date of such termination;

- (ii) reimbursement for any reasonable, unreimbursed and documented business expense he has incurred in performing Employee's duties hereunder
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits (including without limitation, any bonus due by virtue of having met all applicable performance targets prior to the effective date of such termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer.

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) willful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer. Notwithstanding the provisions of this Section 7(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense. For purposes of this entire agreement and for the avoidance of doubt, the "termination" of Employee's employment is intended to be a "separation from service" under Code section 409A(a)(2)(A)(i) and is to be interpreted in a manner consistent with such section and applicable Treasury regulations issued thereunder.

(b) Termination by Employer Without Cause or Constructive Termination Without Cause Before a Change of Control. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination. If Employee's employment is terminated without Cause, or if there is a constructive termination without Cause, as defined below, Employee shall be entitled to receive from Employer the following:

- (i) severance benefits including:
  - (A) subject to Section 7(h) below, payment of the then current Base Salary for a severance Period of 24-months commencing on the effective date of Employee's termination (the "Severance Period"), in accordance with Employer's regular salary payment practices,

- (B) continuation of the vesting of any outstanding stock options, restricted stock awards and other equity incentive awards (“Equity-Based Awards”) and continuation of the Employee’s rights to exercise any outstanding Equity-Based Awards, through the full 24 month Severance Period. For purposes of these equity awards, Employee shall be considered to be an employee of the Employer during the entire Severance Period, and shall abide by the Covenant Not to Compete of Section 6(e) of this Agreement; and
  - (C) continued coverage for Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) under Employer’s welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee’s termination as if he had remained in employment until the end of the Severance Period. If Employee’s participation in any Employer welfare benefit plan is barred or cannot be continued under applicable laws, Employer shall either arrange to provide substantially similar welfare benefits or pay Employee the equivalent tax affected value of such substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code Section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder during the Term;
  - (iii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;
  - (iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

- (v) payment of COBRA premiums for medical benefits for a period of up to six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination “without Cause” shall mean involuntary termination of employment, at the direction of Employer, in the absence of “Cause” as defined above. For purposes of this Agreement, “constructive termination without Cause” shall mean a termination of Employee at Employee’s own initiative within one year following the occurrence, without Employee’s prior written consent, of one or more of the following events not on account of Cause (“Constructive Termination Events”):

- (1) a significant and adverse diminution in the nature or scope of Employee’s authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee’s previous authority or duties;
- (2) a reduction in Employee’s then-current Base Salary, or a significant reduction in Employee’s opportunities for earnings under Employee’s incentive compensation plans (not attributable to economic conditions or business performance at the time), or the termination or significant reduction of any employee benefit or perquisite enjoyed by him (except as part of a general reduction that applies to substantially all similarly situated employees or participants);
- (3) a change in Employee’s place of employment such that Employee is required to work more than 50 miles from Employee’s then current place of employment; or
- (4) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within 45 days after a merger, consolidation, sale or similar transaction.

If Employee believes there exists a basis for a constructive termination without Cause, Employee shall provide Employer written notice within 30 days of the occurrence of the Constructive Termination Event describing such event, and Employer shall be provided the opportunity to cure the cause of the constructive termination event within a 30-day period following Employer’s receipt of the written notice. If the cause of the constructive termination is cured, then no constructive termination without Cause shall be found to have taken place.

(c) Voluntary Termination by Employee. Employee may terminate this Agreement at any time by giving 60 days’ written notice to Employer. If Employee voluntarily terminates his employment for reasons other than Employee’s death, disability, or constructive termination without Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement of any reasonable, unreimbursed and documented business expense Employee incurred in performing Employee's duties hereunder.
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(c) shall be made within 30 days of Employee's termination of employment.

(d) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law;
- (iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and
- (v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards as provided by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(d) shall be made within 30 days of Employee's death.

(e) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

- (i) payment of a lump-sum disability benefit equal to 12 months' then current Base Salary;
- (ii) continuation of the vesting of any outstanding Equity-Based Awards and continuation of Employee's rights to exercise any outstanding Equity-Based Awards, through the effective date of such termination and for a period of 12 months following such termination.
- (iii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards, as provided by the terms of any employee benefit plan or program of Employer.

Any payments under this Section 7(e) shall be made within 30 days of Employee's termination of employment. "Disability," as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, or is likely to prevent, as certified by a physician, Employee from performing one or more of the essential functions of Employee's position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act.

(f) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 6 hereof at any time following any termination, then Employer shall have no further obligation to pay any amounts or provide any benefits under this Agreement.

(g) No Obligation to Mitigate. Following any termination under this Section 7, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(h) Payments to Specified Employee. If Employee is a "specified employee" (as defined in section 409A(a)(2)(B)(i) of the Internal Revenue Code (the "Code") (hereinafter a "Specified Employee")) at the time Employee is eligible to be paid any amounts under Section 7(b)(i)(A) and (B), such payment(s) shall be made as follows:

- (i) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (A) and (B), below, shall be paid in equal

installments in accordance with Employer's regular salary payment practices over the Severance Period —

- (A) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (B) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
- (ii) That portion which exceeds the amount that may be paid under Section 7(h)(i) above shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first day after six months following Employee's termination of employment, at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the remainder of the Severance Period.

#### **8. Continuation of Employment Upon Change of Control.**

(a) Continuation of Employment. Subject to the terms and conditions of this Section 8, in the event of a Change of Control of Employer (as defined in Section 8(c)) at any time during Employee's employment hereunder, Employee will remain in the employ of Employer for a period of an additional three years from the date of such Change of Control (the "Control Change Date"). Employer shall, for the three year period (the "Three-Year Period") immediately following the Control Change Date, continue to employ Employee in a position without substantial adverse alteration in the nature or status of Employee's authority, duties or responsibility as compared with the position Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control Change Date. Any termination of employment by the Employer following a Control Change Date and during the Three-Year Period (a "Post-CoC Termination") shall be governed by this Section 8 rather than the provisions of Section 7(a) or (b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to receive the following benefits and participate, on the basis of his employment position, in each of the following plans (collectively, the "Specified Benefits") in existence, and in accordance with the terms thereof, at the Control Change Date:



- (i) any incentive compensation plans;
- (ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer's ESPP and other stock option plans); and
- (iii) any other benefit plans hereafter made generally available to employees at Employee's level or to the employees of Employer generally.

In addition, all outstanding Equity-Based Awards held by Employee shall become immediately vested on the Control Change Date.

(c) Definition of Change of Control. For purposes of this Section, a "Change of Control" shall be considered to have occurred if (i) Employer has completed a merger, consolidation or dissolution such that immediately after such event the shareholders of Employer immediately before such merger, consolidation or dissolution hold less than 50% of the surviving entity and such transaction has been closed; (ii) Employer completes a sale, exchange or disposition of all or substantially all of Employer's assets and such transaction has been closed; (iii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved; or (iv) any "person" (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") shall have become "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer's then outstanding voting securities.

(d) Termination Without Cause After Change of Control. Notwithstanding any other provision of this Section 8, at any time after the Control Change Date, Employer may terminate the employment of Employee with or without Cause. To the extent Employee experiences a Post-CoC Termination:

- (i) Employer shall pay Employee any earned but unpaid portion of Employee's Base Salary through the effective date of such Post-CoC Termination;
- (ii) Employer shall reimburse Employee for any reasonable, unreimbursed and documented business expenses Employee incurred in performing Employee's duties hereunder;

- (iii) Employer shall pay Employee an amount (the “Special Severance Payment”) equal to the present value (calculated using a discount rate equal to 7.5% per annum) of Employee’s Base Salary that would have been paid to Employee had Employee remained an employee until the later of (A) the end of the Three-Year Period or (B) 24 months following the effective date of Employee’s Post-CoC Termination (such additional 24 month period in this Section 8(d)(iii)(B) hereinafter referred to as the “Extended Period”); provided, however, if any portion of Employee’s Special Severance Payment is not accelerated and paid earlier than it would have been paid as a monthly installment payment (as may be the case with certain amounts paid within six months following Employee’s termination or certain amounts paid under Section 8(f)(iii)-(vi)), no such present value discount shall be applied to such portion(s) of the payment; and
- (iv) Employer shall provide Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) coverage under Employer’s welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee’s termination as if he had remained in employment until the end of the Three-Year Period, or, if longer, the end of the Extended Period. If Employee’s participation in any welfare plan is barred, the Employer shall either arrange to provide Employee (his spouse and family, if applicable) substantially similar welfare benefits or pay Employee the equivalent tax affected value of the substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred

Payments required under paragraphs (i) through (iv) above shall be made in accordance with Section 8(f).

(e) Resignation following a Change of Control. If, within the Three-Year Period Employee experiences a Constructive Termination Event, and after providing written notice to Employer no later than 90 days of the date the Constructive Termination Event first arose or occurred, Employer fails to cure the event or condition giving rise to the Constructive Event within the 30-day period following Employer’s receipt of the written notice, Employee may, effective at the end of such 30-day cure period, resign his employment with Employer (the “Resignation”). In connection with such Resignation, Employer shall pay to Employee the same amounts and benefits Employee would have been entitled to receive if he experienced a Post-CoC Termination under Section 8(d) above.

(f) Timing of Payments. The time at which all payments due under Sections 8(d) or 8(e) above will commence and the form in which such payments will be made will depend upon the following three factors: (1) whether Employee is a Specified Employee, (2) whether the Post-CoC Termination occurs on or before, or after the second anniversary of the Control Change Date and (3) whether the Change of Control constitutes a “change in the ownership or effective control” of Employer or a “change in the ownership of a substantial portion of the

assets” of Employer within the meaning of Code section 409A(a)(2)(A)(v) and the applicable Treasury Regulations issued thereunder (a “Section 409A Change of Control”). Each of the payment scenarios is set forth below:

- (i) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
  - (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment—
    - (1) The sum of Employee’s annualized compensation based upon the annual rate of pay for services provided to Employer for Employee’s taxable year preceding Employee’s taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee’s termination of employment.
  - (B) That portion which exceeds the amounts that may be paid under Section 8(f)(i)(A) above shall be paid, in a lump sum, on the first day after the six month anniversary of the effective date of Employee’s termination of employment.
- (ii) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment.
- (iii) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is after the second anniversary of the Control Change

Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:

- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee's termination of employment—
    - (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
  - (B) That portion which exceeds the amount that may be paid under Section 8(f)(iii)(A) above shall be paid in equal installments in accordance with Employee's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first payment made six months and one day following Employee's termination of employment at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period.
- (iv) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2), below, shall

be paid in a lump sum payment within 5 business days of Employee's termination of employment—

- (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
- (B) That portion which exceeds the amount that may be paid under Section 8(f)(iv)(A), above, shall be paid in equal installments over the Severance Period in accordance with Employer's regular salary payment practices.
- (v) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iii) above.
  - (vi) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iv) above.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) **Expenses.** If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney's fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute.

(h) **Successors in Interest.** The rights and obligations of Employer and Employee under this Section 8 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 8 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer's assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 8 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

**9. Deductions and Withholding.** Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

**10. Gross Up Payment.** If at any time or from time to time, it shall be determined by tax counsel mutually agreeable to Employer and Employee that any payment or other benefit to Employee pursuant to this Agreement or otherwise ("Potential Parachute Payment") is or will become subject to the excise tax imposed by Section 4999 of the Code or any similar tax ("Excise Taxes"), then Employer shall, subject to the limitations below, pay or cause to be paid a tax gross-up payment ("Gross-Up Payment") with respect to all such Excise Taxes and other taxes on the Gross-Up Payment. The Gross-Up Payment shall be an amount equal to the product of (a) the amount of the Excise Taxes multiplied by (b) a fraction (the "Gross-Up Multiple"), the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the lesser of (i) the sum, expressed as a decimal fraction, of the effective marginal rates of any taxes and any Excise Taxes applicable to the Gross-Up Payment or (ii) .80, it being intended that the Gross-Up Multiple shall in no event exceed five (5.0). If different rates of tax are applicable to various portions of a Gross-Up Payment, the weighted average of such rates shall be used. Excise Taxes and other penalties under Section 409A of the Code shall not be "any similar tax" for purposes of this Agreement.

(a) To the extent possible, any payments or other benefits to Employee pursuant to this Agreement shall be allocated as consideration for Employee's entry into the covenants made by him in Section 6.

(b) Notwithstanding any other provisions of this Section 10, if the aggregate After-Tax Amount (as defined below) of the Potential Parachute Payments and Gross-Up Payment that, but for this limitation, would be payable to Employee, does not exceed 120% of After-Tax Floor Amount (as defined below), then no Gross-Up Payment shall be made to Employee and the aggregate amount of Potential Parachute Payments payable to Employee shall be reduced (but not below the Floor Amount) to the largest amount which would both (i) not cause any Excise Tax to be payable by Employee and (ii) not cause any Potential Parachute Payments to become nondeductible by Employer by reason of Section 280G of the Code (or any successor provision). For purposes of the preceding sentence, Employee shall be deemed to be subject to the highest effective after-tax marginal rate of taxes.

For purposes of this Agreement:

(i) "After-Tax Amount" means the portion of a specified amount that would remain after payment of all taxes paid or payable by Employee in respect of such specified amount; and

(ii) "Floor Amount" means the greatest pre-tax amount of Potential Parachute Payments that could be paid to Employee without causing Employee to become liable for any Excise Taxes in connection therewith; and

(iii) "After-Tax Floor Amount" means the After-Tax Amount of the Floor Amount.

(c) If for any reason tax counsel mutually agreeable to Employer and Employee later determine that the amount of Excise Taxes payable by Employee is greater than the amount initially determined pursuant to the above provisions of this Section 10, then Employer shall, subject to Sections 10(d) and 10(e) pay Employee, within thirty (30) days of such determination, or pay to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to the product of (a) the sum of (i) such additional Excise Taxes and (ii) any interest, penalties, expenses or other costs incurred by Employee as a result of having taken a position in accordance with a determination made pursuant to Paragraph 10(d), multiplied by (b) the Gross-Up Multiple.

(d) Employee shall immediately notify Employer in writing (an "Employee's Notice") of any claim by the IRS or other taxing authority (an "IRS Claim") that, if successful, would require the payment by Employee of Excise Taxes in respect of Potential Parachute Payments in an amount in excess of the amount of such Excise Taxes determined in accordance with Section 10. Employee's Notice shall fully inform Employer of all particulars of the IRS Claim and the date on which such IRS Claim is due to be paid (the "IRS Claim Deadline").

Employer shall direct the Employee as to whether to pay all or part of the IRS Claim or to contest the IRS Claim or to pursue a claim for a refund (a "Refund Claim") of all or any portion of such Excise Taxes, other taxes, interest or penalties as may be specified by Employer in a written notice to Employee. If Employer directs Employee to pay all or part of the IRS

Claim, the amount of such payment shall also be deemed a Gross-Up Payment, which Employer shall pay to the Employee or the IRS, as appropriate. The Employee shall cooperate fully with Employer in good faith to contest such IRS Claim or pursue such Refund Claim (including appeals) and shall permit Employer to participate in any proceedings relating to such IRS Claim or Refund Claim.

Employer shall control all proceedings in connection with such IRS Claim or Refund Claim (as applicable) and in its discretion may cause Employee to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or other taxing authority.

Employer shall pay directly all legal, accounting and other costs and expenses (including additional interest and penalties) incurred by Employer or Employee in connection with any IRS Claim or Refund Claim, as applicable, and shall indemnify Employee, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such payment of costs or expenses.

(e) If Employee receives any refund with respect to Excise Taxes, Employee shall (subject to Employer's complying with any applicable requirements of Section 10(d)) promptly pay Employer the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). Any contest of a denial of refund shall be controlled by Section 10(d).

(f) **409A Compliance.** Any Gross-Up Payment made under this Agreement shall be made no later than by the end of Employee's taxable year next following Employee's taxable year in which he remits the Excise Taxes. In the event Employee has a right to a Gross-Up Payment due to a tax audit or litigation addressing the existence or amount of a tax liability, whether Federal, state, local, or foreign, any Gross-Up Payment relating thereto will be made by the end of Employee's taxable year following Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

**11. Arbitration.** Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its own costs and attorney's fees with respect to the arbitration. Nothing in



this Section 11 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

**12. Non-Waiver.** It is understood and agreed that one party's failure at any time to require the performance by the other party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first party's right thereafter to enforce the same, nor shall the waiver by either party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

**13. Severability.** If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**14. Survivability.** Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 6 and 11 through 18 shall nevertheless remain in full force and effect but shall under no circumstance extend the Term of this Agreement (or the Executive's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

**15. Governing Law.** This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

**16. Construction.** The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

**17. Entire Agreement.** This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

**18. Assignability.** Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

**19. Code Section 409A.** This Agreement is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and shall be construed and interpreted in accordance with such intent. To the extent that any payment or benefit provided hereunder is subject to Section 409A of the Code, such payment or benefit shall be provided in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment or benefit shall not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Agreement that would cause any payment or benefit to fail to satisfy Section 409A of the Code shall be amended (in a manner that as closely as practicable achieves the original intent of this Agreement) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

**20. Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to

Euronet Worldwide, Inc.  
Attention: General Counsel  
4601 College Boulevard, Ste. 300  
Leawood, Kansas 66211

if to Employee, to

Rick Weller

or to such other address as Employer or Employee shall have furnished to the other in writing.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement, to be effective as of the date first above written.

/s/ Rick Weller  
Rick Weller

**Euronet Worldwide, Inc.**  
a Delaware Corporation

/s/ Michael J. Brown  
By: Michael J. Brown  
Its: Chief Executive Officer

**EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is made as of April 10, 2008 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Jeffrey B. Newman ("Employee").

**RECITALS**

**WHEREAS**, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

**1. Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 7 or 8 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirety any written or verbal employment agreement then in effect between Employer and Employee.

**2. Service.** During the Term, Employee shall serve as Executive Vice President and General Counsel and, subject to the provisions hereof regarding constructive termination Without Cause, in such other positions and perform services in such other departments of Employer as requested by Employer's Board of Directors (the "Board"). Employee shall perform such services as normally are associated with such positions.

**3. Compensation and Benefits.**

(a) **Base Salary.** During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of \$290,000 per annum, which shall be payable in installments and increased from time to time in accordance with Employer's general payroll practices (as in effect from time to time, "Base Salary").

(b) **Other Compensation.**

- (i) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer's executive level employees pursuant to policies established from time to time by Employer. Employee shall be eligible for bonuses under
-

Employer's executive bonus plan, subject to meeting performance or other targets set by Employer with respect to such bonuses.

- (ii) Employee and Employee's immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer's group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

**4. Other Benefits.** During the Term, Employee shall be entitled to annual vacation of 20 days, provided however that Employee may not use more than ten consecutive vacation days at one time.

**5. Business Expense Reimbursement.** Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are supported by actual receipts and are reasonably documented as to purpose, persons, place and time.

**6. Restrictions on Employee's Conduct.**

(a) **Exclusive Services.** During the Term, Employee shall at all times devote Employee's full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer's subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer's written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee's duties and obligations under this Agreement; or (ii) Employee's charitable, philanthropic or professional association activities which do not interfere with the performance of Employee's duties and obligations under this Agreement.

(b) **Confidential Information.** During the Term and after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon

termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, including all copies, extracts, and summaries thereof and any Confidential Information stored electronically on drives, hard drives, tapes, computer disks or in any other manner.

(c) Business Opportunities and Conflicts of Interests.

- (i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.
- (ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. For a period of two years following any termination of this Agreement, Employee shall not directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(e) Covenant Not to Compete.

- (i) During the Term, Employee shall not, without Employer's prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee's knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company's outstanding equity.

- (ii) For a period of two years following any termination of this Agreement and without regard to whether Employer or Employee terminates this Agreement, Employee shall not, engage in competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee's employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.
- (iii) For purposes of this Agreement, Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing electronic financial transaction processing or other services similar to those provided by Employer or any member of Employer's group of companies. The provisions of this Section 6(e) shall apply in any location in which Employer has established, or is in the process of establishing, a business presence.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 6 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 6 to any person, including future employers of Employee.

#### **7. Termination.**

(a) Termination by Employer for Cause. Subject to the last sentence of this Section 7(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written

notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's Base Salary through the effective date of such termination;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense he has incurred in performing Employee's duties hereunder
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits (including without limitation, any bonus due by virtue of having met all applicable performance targets prior to the effective date of such termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer.

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) willful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer. Notwithstanding the provisions of this Section 7(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense. For purposes of this entire agreement and for the avoidance of doubt, the "termination" of Employee's employment is intended to be a "separation from service" under Code section 409A(a)(2)(A)(i) and is to be interpreted in a manner consistent with such section and applicable Treasury regulations issued thereunder.

(b) Termination by Employer Without Cause or Constructive Termination Without Cause Before a Change of Control. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination. If Employee's employment is terminated without Cause, or if there is a constructive termination without Cause, as defined below, Employee shall be entitled to receive from Employer the following:

- (i) severance benefits including:

- (A) subject to Section 7(h) below, payment of the then current Base Salary for a severance Period of 24-months commencing on the effective date of Employee's termination (the "Severance Period"), in accordance with Employer's regular salary payment practices,
  - (B) continuation of the vesting of any outstanding stock options, restricted stock awards and other equity incentive awards ("Equity-Based Awards") and continuation of the Employee's rights to exercise any outstanding Equity-Based Awards, through the full 24 month Severance Period. For purposes of these equity awards, Employee shall be considered to be an employee of the Employer during the entire Severance Period, and shall abide by the Covenant Not to Compete of Section 6(e) of this Agreement; and
  - (C) continued coverage for Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) under Employer's welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee's termination as if he had remained in employment until the end of the Severance Period. If Employee's participation in any Employer welfare benefit plan is barred or cannot be continued under applicable laws, Employer shall either arrange to provide substantially similar welfare benefits or pay Employee the equivalent tax affected value of such substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code Section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder during the Term;
  - (iii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance



Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

- (iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (v) payment of COBRA premiums for medical benefits for a period of up to six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination “without Cause” shall mean involuntary termination of employment, at the direction of Employer, in the absence of “Cause” as defined above. For purposes of this Agreement, “constructive termination without Cause” shall mean a termination of Employee at Employee’s own initiative within one year following the occurrence, without Employee’s prior written consent, of one or more of the following events not on account of Cause (“Constructive Termination Events”):

- (1) a significant and adverse diminution in the nature or scope of Employee’s authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee’s previous authority or duties;
- (2) a reduction in Employee’s then-current Base Salary, or a significant reduction in Employee’s opportunities for earnings under Employee’s incentive compensation plans (not attributable to economic conditions or business performance at the time), or the termination or significant reduction of any employee benefit or perquisite enjoyed by him (except as part of a general reduction that applies to substantially all similarly situated employees or participants);
- (3) a change in Employee’s place of employment such that Employee is required to work more than 50 miles from Employee’s then current place of employment; or
- (4) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within 45 days after a merger, consolidation, sale or similar transaction.

If Employee believes there exists a basis for a constructive termination without Cause, Employee shall provide Employer written notice within 30 days of the occurrence of the Constructive Termination Event describing such event, and Employer shall be provided the opportunity to cure the cause of the constructive termination event within a 30-day period following Employer’s receipt of the written notice. If the cause of the constructive termination is cured, then no constructive termination without Cause shall be found to have taken place.

(c) Voluntary Termination by Employee. Employee may terminate this Agreement at any time by giving 60 days’ written notice to Employer. If Employee voluntarily

terminates his employment for reasons other than Employee's death, disability, or constructive termination without Cause, he shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement of any reasonable, unreimbursed and documented business expense Employee incurred in performing Employee's duties hereunder.
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(c) shall be made within 30 days of Employee's termination of employment.

(d) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

- (i) payment of any earned but unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law;
- (iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and
- (v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards as provided by the terms of any employee benefit plan or program of Employer.

Any payments made under this Section 7(d) shall be made within 30 days of Employee's death.

(e) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

- (i) payment of a lump-sum disability benefit equal to 12 months' then current Base Salary;
- (ii) continuation of the vesting of any outstanding Equity-Based Awards and continuation of Employee's rights to exercise any outstanding Equity-Based Awards, through the effective date of such termination and for a period of 12 months following such termination.
- (iii) reimbursement for any reasonable, unreimbursed and documented business expense Employee incurred in performing his duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity-Based Awards, as provided by the terms of any employee benefit plan or program of Employer.

Any payments under this Section 7(e) shall be made within 30 days of Employee's termination of employment. "Disability," as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, or is likely to prevent, as certified by a physician, Employee from performing one or more of the essential functions of Employee's position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act.

(f) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 6 hereof at any time following any termination, then Employer shall have no further obligation to pay any amounts or provide any benefits under this Agreement.

(g) No Obligation to Mitigate. Following any termination under this Section 7, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(h) Payments to Specified Employee. If Employee is a "specified employee" (as defined in section 409A(a)(2)(B)(i) of the Internal Revenue Code (the "Code") (hereinafter a

“Specified Employee”) at the time Employee is eligible to be paid any amounts under Section 7(b)(i)(A) and (B), such payment(s) shall be made as follows:

- (i) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (A) and (B), below, shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the Severance Period —
  - (A) The sum of Employee’s annualized compensation based upon the annual rate of pay for services provided to Employer for Employee’s taxable year preceding Employee’s taxable year in which Employee has a separation from service with Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (B) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee’s termination of employment.
- (ii) That portion which exceeds the amount that may be paid under Section 7(h)(i) above shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee’s termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first day after six months following Employee’s termination of employment, at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the remainder of the Severance Period.

**8. Continuation of Employment Upon Change of Control.**

(a) Continuation of Employment. Subject to the terms and conditions of this Section 8, in the event of a Change of Control of Employer (as defined in Section 8(c)) at any time during Employee’s employment hereunder, Employee will remain in the employ of Employer for a period of an additional three years from the date of such Change of Control (the “Control Change Date”). Employer shall, for the three year period (the “Three-Year Period”) immediately following the Control Change Date, continue to employ Employee in a position without substantial adverse alteration in the nature or status of Employee’s authority, duties or responsibility as compared with the position Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control

Change Date. Any termination of employment by the Employer following a Control Change Date and during the Three-Year Period (a “Post-CoC Termination”) shall be governed by this Section 8 rather than the provisions of Section 7(a) or (b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to receive the following benefits and participate, on the basis of his employment position, in each of the following plans (collectively, the “Specified Benefits”) in existence, and in accordance with the terms thereof, at the Control Change Date:

- (i) any incentive compensation plans;
- (ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer’s ESPP and other stock option plans); and
- (iii) any other benefit plans hereafter made generally available to employees at Employee’s level or to the employees of Employer generally.

In addition, all outstanding Equity-Based Awards held by Employee shall become immediately vested on the Control Change Date.

(c) Definition of Change of Control. For purposes of this Section, a “Change of Control” shall be considered to have occurred if (i) Employer has completed a merger, consolidation or dissolution such that immediately after such event the shareholders of Employer immediately before such merger, consolidation or dissolution hold less than 50% of the surviving entity and such transaction has been closed; (ii) Employer completes a sale, exchange or disposition of all or substantially all of Employer’s assets and such transaction has been closed; (iii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved; or (iv) any “person” (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) shall have become “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer’s then outstanding voting securities.

(d) Termination Without Cause After Change of Control. Notwithstanding any other provision of this Section 8, at any time after the Control Change Date, Employer may terminate the employment of Employee with or without Cause. To the extent Employee experiences a Post-CoC Termination:

- (i) Employer shall pay Employee any earned but unpaid portion of Employee’s Base Salary through the effective date of such Post-CoC Termination;

- (ii) Employer shall reimburse Employee for any reasonable, unreimbursed and documented business expenses Employee incurred in performing Employee's duties hereunder;
- (iii) Employer shall pay Employee an amount (the "Special Severance Payment") equal to the present value (calculated using a discount rate equal to 7.5% per annum) of Employee's Base Salary that would have been paid to Employee had Employee remained an employee until the later of (A) the end of the Three-Year Period or (B) 24 months following the effective date of Employee's Post-CoC Termination (such additional 24 month period in this Section 8(d)(iii)(B) hereinafter referred to as the "Extended Period"); provided, however, if any portion of Employee's Special Severance Payment is not accelerated and paid earlier than it would have been paid as a monthly installment payment (as may be the case with certain amounts paid within six months following Employee's termination or certain amounts paid under Section 8(f)(iii)-(vi)), no such present value discount shall be applied to such portion(s) of the payment; and
- (iv) Employer shall provide Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) coverage under Employer's welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee's termination as if he had remained in employment until the end of the Three-Year Period, or, if longer, the end of the Extended Period. If Employee's participation in any welfare plan is barred, the Employer shall either arrange to provide Employee (his spouse and family, if applicable) substantially similar welfare benefits or pay Employee the equivalent tax affected value of the substantially similar welfare benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred

Payments required under paragraphs (i) through (iv) above shall be made in accordance with Section 8(f).

(e) Resignation following a Change of Control. If, within the Three-Year Period Employee experiences a Constructive Termination Event, and after providing written notice to Employer no later than 90 days of the date the Constructive Termination Event first arose or occurred, Employer fails to cure the event or condition giving rise to the Constructive Event within the 30-day period following Employer's receipt of the written notice, Employee may, effective at the end of such 30-day cure period, resign his employment with Employer (the "Resignation"). In connection with such Resignation, Employer shall pay to Employee the same amounts and benefits Employee would have been entitled to receive if he experienced a Post-CoC Termination under Section 8(d) above.

(f) Timing of Payments. The time at which all payments due under Sections 8(d) or 8(e) above will commence and the form in which such payments will be made will depend upon

the following three factors: (1) whether Employee is a Specified Employee, (2) whether the Post-CoC Termination occurs on or before, or after the second anniversary of the Control Change Date and (3) whether the Change of Control constitutes a “change in the ownership or effective control” of Employer or a “change in the ownership of a substantial portion of the assets” of Employer within the meaning of Code section 409A(a)(2)(A)(v) and the applicable Treasury Regulations issued thereunder (a “Section 409A Change of Control”). Each of the payment scenarios is set forth below:

- (i) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
  - (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment—
    - (1) The sum of Employee’s annualized compensation based upon the annual rate of pay for services provided to Employer for Employee’s taxable year preceding Employee’s taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee’s termination of employment.
  - (B) That portion which exceeds the amounts that may be paid under Section 8(f)(i)(A) above shall be paid, in a lump sum, on the first day after the six month anniversary of the effective date of Employee’s termination of employment.
- (ii) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee’s termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be paid in a lump sum payment within 5 business days of Employee’s termination of employment.

- (iii) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:
- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2) below shall be paid in a lump sum payment within 5 business days of Employee's termination of employment—
    - (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
    - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
  - (B) That portion which exceeds the amount that may be paid under Section 8(f)(iii)(A) above shall be paid in equal installments in accordance with Employee's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first payment made six months and one day following Employee's termination of employment at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period.
- (iv) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made as follows:



- (A) That portion of the total amount to be paid to Employee which does not exceed two times the lesser of (1) and (2), below, shall be paid in a lump sum payment within 5 business days of Employee's termination of employment—
  - (1) The sum of Employee's annualized compensation based upon the annual rate of pay for services provided to Employer for Employee's taxable year preceding Employee's taxable year in which Employee has a separation from service with such Employer (adjusted for any increase during that year that was expected to continue indefinitely if Employee had not terminated employment); or
  - (2) The maximum amount that may be taken into account under a qualified plan pursuant to Code section 401(a)(17) for the year of Employee's termination of employment.
- (B) That portion which exceeds the amount that may be paid under Section 8(f)(iv)(A), above, shall be paid in equal installments over the Severance Period in accordance with Employer's regular salary payment practices.
- (v) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iii) above.
- (vi) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in the same manner as Section 8(f)(iv) above.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if

obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) **Expenses.** If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney's fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute.

(h) **Successors in Interest.** The rights and obligations of Employer and Employee under this Section 8 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 8 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer's assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 8 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

**9. Deductions and Withholding.** Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

**10. Gross Up Payment.** If at any time or from time to time, it shall be determined by tax counsel mutually agreeable to Employer and Employee that any payment or other benefit to Employee pursuant to this Agreement or otherwise ("Potential Parachute Payment") is or will become subject to the excise tax imposed by Section 4999 of the Code or any similar tax ("Excise Taxes"), then Employer shall, subject to the limitations below, pay or cause to be paid a tax gross-up payment ("Gross-Up Payment") with respect to all such Excise Taxes and other taxes on the Gross-Up Payment. The Gross-Up Payment shall be an amount equal to the product of (a) the amount of the Excise Taxes multiplied by (b) a fraction (the "Gross-Up Multiple"), the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the lesser of (i) the sum, expressed as a decimal fraction, of the effective marginal rates of any taxes and any Excise Taxes applicable to the Gross-Up Payment or (ii) .80, it being intended that the Gross-Up Multiple shall in no event exceed five (5.0). If different rates of tax are applicable to various portions of a Gross-Up Payment, the weighted average of such rates shall be used. Excise Taxes and other penalties under Section 409A of the Code shall not be "any similar tax" for purposes of this Agreement.

(a) To the extent possible, any payments or other benefits to Employee pursuant to this Agreement shall be allocated as consideration for Employee's entry into the covenants made by him in Section 6.

(b) Notwithstanding any other provisions of this Section 10, if the aggregate After-Tax Amount (as defined below) of the Potential Parachute Payments and Gross-Up Payment that, but for this limitation, would be payable to Employee, does not exceed 120% of After-Tax Floor Amount (as defined below), then no Gross-Up Payment shall be made to Employee and the aggregate amount of Potential Parachute Payments payable to Employee shall be reduced (but not below the Floor Amount) to the largest amount which would both (i) not cause any Excise Tax to be payable by Employee and (ii) not cause any Potential Parachute Payments to become nondeductible by Employer by reason of Section 280G of the Code (or any successor provision). For purposes of the preceding sentence, Employee shall be deemed to be subject to the highest effective after-tax marginal rate of taxes.

For purposes of this Agreement:

(i) "After-Tax Amount" means the portion of a specified amount that would remain after payment of all taxes paid or payable by Employee in respect of such specified amount; and

(ii) "Floor Amount" means the greatest pre-tax amount of Potential Parachute Payments that could be paid to Employee without causing Employee to become liable for any Excise Taxes in connection therewith; and

(iii) "After-Tax Floor Amount" means the After-Tax Amount of the Floor Amount.

(c) If for any reason tax counsel mutually agreeable to Employer and Employee later determine that the amount of Excise Taxes payable by Employee is greater than the amount initially determined pursuant to the above provisions of this Section 10, then Employer shall, subject to Sections 10(d) and 10(e) pay Employee, within thirty (30) days of such determination, or pay to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to the product of (a) the sum of (i) such additional Excise Taxes and (ii) any interest, penalties, expenses or other costs incurred by Employee as a result of having taken a position in accordance with a determination made pursuant to Paragraph 10(d), multiplied by (b) the Gross-Up Multiple.

(d) Employee shall immediately notify Employer in writing (an "Employee's Notice") of any claim by the IRS or other taxing authority (an "IRS Claim") that, if successful, would require the payment by Employee of Excise Taxes in respect of Potential Parachute Payments in an amount in excess of the amount of such Excise Taxes determined in accordance with Section 10. Employee's Notice shall fully inform Employer of all particulars of the IRS Claim and the date on which such IRS Claim is due to be paid (the "IRS Claim Deadline").

Employer shall direct the Employee as to whether to pay all or part of the IRS Claim or to contest the IRS Claim or to pursue a claim for a refund (a "Refund Claim") of all or any portion of such Excise Taxes, other taxes, interest or penalties as may be specified by Employer in a written notice to Employee. If Employer directs Employee to pay all or part of the IRS Claim, the amount of such payment shall also be deemed a Gross-Up Payment, which Employer shall pay to the Employee or the IRS, as appropriate. The Employee shall cooperate fully with Employer in good faith to contest such IRS Claim or pursue such Refund Claim (including appeals) and shall permit Employer to participate in any proceedings relating to such IRS Claim or Refund Claim.

Employer shall control all proceedings in connection with such IRS Claim or Refund Claim (as applicable) and in its discretion may cause Employee to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or other taxing authority.

Employer shall pay directly all legal, accounting and other costs and expenses (including additional interest and penalties) incurred by Employer or Employee in connection with any IRS Claim or Refund Claim, as applicable, and shall indemnify Employee, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such payment of costs or expenses.

(e) If Employee receives any refund with respect to Excise Taxes, Employee shall (subject to Employer's complying with any applicable requirements of Section 10(d)) promptly pay Employer the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). Any contest of a denial of refund shall be controlled by Section 10(d).

(f) **409A Compliance.** Any Gross-Up Payment made under this Agreement shall be made no later than by the end of Employee's taxable year next following Employee's taxable year in which he remits the Excise Taxes. In the event Employee has a right to a Gross-Up Payment due to a tax audit or litigation addressing the existence or amount of a tax liability, whether Federal, state, local, or foreign, any Gross-Up Payment relating thereto will be made by the end of Employee's taxable year following Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

**11. Arbitration.** Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the

arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its own costs and attorney's fees with respect to the arbitration. Nothing in this Section 11 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

**12. Non-Waiver.** It is understood and agreed that one party's failure at any time to require the performance by the other party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first party's right thereafter to enforce the same, nor shall the waiver by either party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

**13. Severability.** If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**14. Survivability.** Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 6 and 11 through 18 shall nevertheless remain in full force and effect but shall under no circumstance extend the Term of this Agreement (or the Executive's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

**15. Governing Law.** This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

**16. Construction.** The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

**17. Entire Agreement.** This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

**18. Assignability.** Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior

written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

**19. Code Section 409A.** This Agreement is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and shall be construed and interpreted in accordance with such intent. To the extent that any payment or benefit provided hereunder is subject to Section 409A of the Code, such payment or benefit shall be provided in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment or benefit shall not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Agreement that would cause any payment or benefit to fail to satisfy Section 409A of the Code shall be amended (in a manner that as closely as practicable achieves the original intent of this Agreement) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

**20. Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to

Euronet Worldwide, Inc.  
Attention: General Counsel  
4601 College Boulevard, Ste. 300  
Leawood, Kansas 66211

if to Employee, to

Jeffrey B. Newman

or to such other address as Employer or Employee shall have furnished to the other in writing.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement, to be effective as of the date first above written.

/s/ Jeffrey B. Newman

Jeffrey B. Newman

**Euronet Worldwide, Inc.**  
a Delaware Corporation

/s/ Michael J. Brown

By: Michael J. Brown  
Its: Chief Executive Officer

**EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is made effective as of April 10, 2008 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Mr. Juan C. Bianchi, a permanent resident of the U.S. ("Employee").

**RECITALS**

**WHEREAS**, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

**1. Term.** The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 7 or 8 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirety any written or verbal employment agreement then in effect between Employer and Employee.

**2. Service.** Employee shall serve as Executive Vice President of the Employer, responsible for the overall management and operation of the Employer's subsidiary, Ria Enviva, Inc., and shall perform services and serve in such other positions as requested by Employer's Board of Directors (the "Board") or Chief Executive Officer. Employee shall perform such services as normally are associated with such positions.

**3. Compensation and Benefits.**

(a) **Base Salary.** During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of \$300,000 in installments in accordance with Employer's general payroll practices (as amended from time to time, "Base Salary").

(b) **Other Compensation.**

- (i) Employee will be awarded restricted stock of Employer with an aggregate value of \$6,500,000 at the first meeting of the Compensation Committee following the Effective Date. The number of shares of restricted stock awarded shall be equal to \$6,500,000 divided by the closing stock price on the date of the award (the
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“Award Date.” The overall restricted stock shall vest in accordance with the conditions set forth in Schedule A.

- (ii) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer’s executive level employees pursuant to policies established from time to time by Employer.
- (iii) Employee and Employee’s immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer’s group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

**4. Other Benefits.** During the Term, Employee shall be entitled to annual vacation of twenty (20) days, provided however that Employee may not use more than ten (10) consecutive vacation days at one time and that Employee may accrue no more than five (5) days of unused vacation from year to year.

**5. Business Expense Reimbursement.** Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee’s duties hereunder during the Term, in accordance with Employer’s customary practices for executive level employees, and provided such business expenses are reasonably documented.

**6. Restrictions on Employee’s Conduct.**

(a) Exclusive Services. During the Term, Employee shall at all times devote Employee’s full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer’s subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer’s written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee’s duties and obligations under this Agreement; or (ii) Employee’s charitable, philanthropic or professional association activities which do not interfere with the performance of Employee’s duties and obligations under this Agreement.

(b) Confidential Information. During the Term and after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, “Confidential Information” shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee’s employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential



Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, and all copies thereof.

(c) Business Opportunities and Conflicts of Interests.

- (i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.
- (ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. During the period of time with respect to which the Employee is to receive severance payments under this Agreement (the "Severance Period"), Employee shall not, except in the course of Employee's duties under this Agreement, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or solicit any person to leave the employ of Employer, if such person was employed by Employer at any time during the twelve (12) month period preceding the relevant communication.

(e) Covenant Not to Compete.

- (i) During the Term and for any Severance Period under this Agreement, Employee shall not, without Employer's prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee's own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee's knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such

investments do not exceed five percent (5%) of any such company's outstanding equity.

- (ii) If Employer or Employee terminates this Agreement, Employee shall not, during the Severance Period, engage in competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee's employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.
- (iii) For purposes of this Agreement, without limiting the provisions of Section 6(e)(i), Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing consumer to consumer money transfer services, prepaid card services or electronic financial transactions services. The provisions of this Section 6(e) shall apply in any location in which Employer has established, or to the Employee's knowledge, is in the process of establishing, a subsidiary.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 6 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 6 to any person, including future employers of Employee.

## **7. Termination.**

(a) **Termination by Employer for Cause.** Subject to the last sentence of this Section 7(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

- (i) payment of any unpaid portion of Employee's Base Salary through the effective date of such termination;
- (ii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and
- (iv) payment of any accrued but unpaid benefits up to and including the effective date of the termination (including without limitation, any tax equalization payments, bonus due up to the date of termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) wilful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; and (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer provided, however, that should the Employer seek to terminate Employee's employment for Cause pursuant to numbers (3), (4), or (5), herein, then the Employer shall first provide Employee with thirty (30) calendar days notice of such deficiency and allow Employee to attempt to cure the alleged deficiency during that thirty (30) day time period. Only upon expiration of the thirty (30) day time period, if the Employer believes that Employee has not sufficiently cured the alleged deficiency, may the Employer issue the notice of termination for Cause (upon the fourteen (14) day written notice described above). Notwithstanding the provisions of this Section 7(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense. For purposes of this entire agreement and for the avoidance of doubt, the "termination" of Employee's employment is intended to be a "separation from service" under Code section 409A(a)(2)(A)(i) and is to be interpreted in a manner consistent with such section and applicable Treasury regulations issued thereunder.

(b) Termination by Employer Without Cause or Termination by Employee for any Reason. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination and Employee may terminate Employee's employment for any reason. Employee's employment will also be terminated upon the death or disability of Employee, as set forth below.

(i) If Employee's employment is terminated by Employer without Cause, Employee shall be entitled to receive from Employer the following:

(A) severance benefits including:

(1) subject to Section 7(f) below payment of the then current Base Salary for a Severance Period of twenty-four (24) months, in accordance with Employer's regular salary payment practices;

(2) continuation of the vesting of any of the restricted stock identified as "Time Vest Restricted Stock" and "Performance Vest Restricted Stock — Tranche A" on Schedule A, through the full twenty-four (24) month Severance Period;

(3) continued coverage for Employee (and, if applicable under the applicable welfare benefit plan(s), his spouse and family) under Employer's welfare benefit plans (such as medical, dental, disability and life) that covered him (or them) immediately before Employee's termination as if he had remained in employment until the end of the Severance Period. If Employee's participation in any Employer's welfare benefit plan is barred or cannot be continued under applicable laws, Employer shall either arrange to provide substantially similar benefits or pay Employee the equivalent tax affected value of such substantially similar benefits in cash, provided such cash payment(s) are made in the tax years such that the payments are compliant with the payment rules under Code Section 409A. In no event will any reimbursement for expense associated with continued coverage under an applicable welfare plan be made later than the end of the year following the year in which the expense was incurred;

(B) reimbursement for any outstanding reasonable business expense Employee has incurred in performing his duties hereunder during the Term;

(C) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

(D) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(E) payment of COBRA premiums for medical benefits for a period up to six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination “without Cause” shall mean involuntary termination of employment, at the direction of Employer, in the absence of “Cause” as defined above.

(ii) Subject to the provisions of Section 8, Employee may terminate his employment and this Agreement at any time for any reason by giving thirty (30) days’ written notice to Employer. If Employee terminates his employment, he shall be entitled to:

(A) severance benefits including:

(1) subject to Section 7(f) below, payment of the then current Base Salary for a Severance Period of twenty-four (24) months, in accordance with Employer’s regular salary payment practices, and

(2) continuation of the vesting of the restricted stock identified as “Time Vest Restricted Stock on the attached Schedule A through the full twenty-four (24) month Severance Period.

(B) reimbursement for any outstanding reasonable business expense Employee has incurred in performing his duties hereunder during the Term;

(C) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(D) payment of any accrued but unpaid benefits up to and including the effective date of termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

(c) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

- (i) payment of any unpaid portion of Employee's then current Base Salary through the effective date of such termination;
- (ii) reimbursement for any outstanding reasonable business expense Employee incurred in performing Employee's duties hereunder;
- (iii) the right to elect continuation coverage of insurance benefits to the extent required by law;
- (iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and
- (v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding stock options, restricted stock awards and other equity incentive awards ("Equity-Based Awards") as provided by the terms of any employee benefit plan or program of Employer.

(d) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

- (i) payment of a lump-sum disability benefit equal to twelve (12) months' then current Base Salary;
- (ii) continuation of the vesting of any outstanding Equity-Based Awards") and continuation of Employee's rights to exercise such Equity Based Awards, through the effective date of such termination and for a period of twelve (12) months following such termination.
- (iii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder;
- (iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

- (iv) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding Equity Based Awards as provided by the terms of any employee benefit plan or program of Employer.

“Disability,” as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, as certified by a physician, Employee from performing one or more of the essential functions of Employee’s position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act. Any payment under this Section 7(d) shall be made within 30 day of Employee’s termination of employment; provided, however, if Employee is a Specified Employee (as defined below in Section 7(f)), the payment provided for above under Section 7(d)(i) shall not be made until the first day after six months after Employee’s termination of employment.

(e) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 6 hereof at any time following any termination, other than a termination without Cause under Section 7 or 8, or a termination following or in anticipation of a Change of Control, then Employer may cease payment of and/or cease the provision of any benefits under this Agreement, provided however that should Employee seek to adjudicate the Board’s determination of Employee’s failure to comply, then upon a final adjudication in Employee’s favor, Employer shall immediately pay, in lump sum, all such obligations and provide all such benefits to Employee, along with any other damages to which Employee is entitled by law or in accordance with Section 10, below.

(f) Payments to Specified Employee. If Employee is a “specified employee” (as defined in section 409A(a)(2)(B)(i) of the Internal Revenue Code (the “Code”) (hereinafter a “Specified Employee”)) at the time Employee is eligible to be paid any amounts under Section 7(b)(i)(A) and (B) or 7(b)(ii)(A) and (B), such payment(s) shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee’s termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first day after six months following Employee’s termination of employment, at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer’s regular salary payment practices over the remainder of the Severance Period.

#### **8. Continuation of Employment Upon Change of Control.**

(a) Continuation of Employment. Subject to the terms and conditions of this Section 8, in the event of a Change of Control of Employer (as defined in Section 8(v)) at any time during Employee’s employment hereunder, Employee will remain in the employ of Employer for a period of an additional three (3) years from the date of such Change of Control

(the "Control Change Date"). Employer shall, for the three (3) year period (the "Three-Year Period") immediately following the Control Change Date, continue to employ Employee at not less than the capacity Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control Change Date. Any termination of employment by the Employer following a Control Change Date shall be governed by this Section 8 rather than the provisions of Section 7(a) or 7(b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to participate, on the basis of his Employee position, in each of the following plans (together, the "Specified Benefits") in existence, and in accordance with the terms thereof, at the Control Change Date:

- (i) any incentive compensation plans;
- (ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer's ESPP and other stock option plans); and
- (iii) any other benefit plans hereafter made generally available to Employees at Employee's level or to the employees of Employer generally.

In addition, all outstanding Equity Based Awards held by Employee under any stock plan of Employer or its affiliates shall become immediately vested on the Control Change Date.

(c) Definition of Change of Control. For purposes of this Section, a "Change of Control" shall be considered to have occurred if (i) Employer has completed a merger, consolidation or dissolution such that immediately after such event the shareholders of Employer immediately before such merger, consolidation or dissolution hold less than 50% of the surviving entity and such transaction has been closed; (ii) Employer completes a sale, exchange or disposition of all or substantially all of Employer's assets and such transaction has been closed; (iii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved; or (iv) any "person" (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") shall have become "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer's then outstanding voting securities.

(d) Termination Without Cause After Change of Control. Notwithstanding any other provision of this Section 8, at any time after the Control Change Date, Employer may terminate the employment of Employee without Cause (the "Termination"), but it shall pay to



Employee in accordance with Section 8(f) his full Base Salary through the Termination, to the extent not theretofore paid, plus an amount (the “Special Severance Payment”) equal to the product (discounted to the then present value on the basis of a rate of 7.5% per annum) of his annual Base Salary specified in Section 3 hereof multiplied by the number of years and any portion thereof remaining in the Three-Year Period (or if the remaining term in the Three-Year Period after the Termination is less than two years, for two years — the “Extended Period”); provided, however, if any portion of Employee’s Special Severance Payment is not accelerated and paid earlier than it would have been paid as a monthly installment payment (as may be the case with certain amounts paid within six months following Employee’s termination or certain amounts paid under Section 8(f)(iii)-(vi)), no such present value discount shall be applied to such portion(s) of the payment. Specified Benefits to which Employee was entitled immediately prior to Termination shall continue until the end of the Three Year Period (or the Extended Period, if applicable); provided that: (i) if any plan pursuant to which Specified Benefits are provided immediately prior to Termination would not permit continued participation by Employee after Termination and that Specified Benefit does not constitute nonqualified deferred compensation subject to Code section 409A, then Employer shall pay to Employee within five days after Termination a lump sum payment equal to the amount of such Specified Benefit(s) Employee would have received if Employee had been fully vested in a continuing participant in such plan to the end of the Three-Year Period or the Extended Period, if applicable; and (ii) if Employee obtains new employment following Termination, then following any waiting period applicable to participation in any plan of the new employer, Employee shall continue to be entitled to receive benefits pursuant to this sentence only to the extent such benefits would exceed those available to Employee under comparable plans of the Employee’s new employer (but Employee shall not be required to repay any amounts then already received by him).

(e) Resignation following a Change of Control. In the event of a Change of Control of Employer, thereafter, for “good reason” (as defined below), Employee may, at any time during the Three Year Period, in his sole discretion, on not less than thirty (30) days’ written notice and effective at the end of such notice period, resign his employment with Employer (the “Resignation”). In accordance with Section 8(f), Employer shall pay to Employee his full Base Salary through the effective date of such Resignation, to the extent not theretofore paid, plus an amount equal to the Special Severance Payment (computed as provided in the first sentence of Section 8(d), except that for purposes of such computation all references to “Termination” shall be deemed to be references to “Resignation”). Upon Resignation of Employee, Specified Benefits to which Employee was entitled immediately prior to Resignation shall continue on the same terms and conditions as provided in Section 8(d) in the case of Termination (including equivalent payments provided for therein). For purposes of this Agreement, “good reason” shall mean the occurrence of one of the following occurrences: (i) a significant diminution in the nature or scope of Employee’s authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee’s previous authority or duties; (ii) a reduction in Employee’s then-current Base Salary, or a significant reduction in Employee’s opportunities for earnings, or the termination or significant reduction of any Employee benefit or perquisite enjoyed by him; (iii) a change in Employee’s place of employment such that Employee is required to work more than fifty (50) miles from Employee’s then current place of employment; (iv) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within forty-five (45) days after a merger, consolidation, sale or similar transaction; or (v) any material breach of this Agreement by Employer, provided however that to

the extent Employee believes that Employer has engaged in a material breach of this Agreement, Employee shall provide Employer with ten (10) calendar days notice of such material breach and allow Employer to attempt to cure the alleged breach during that ten (10) day time period. Only upon expiration of the ten (10) day time period, if Employee believes that Employer has not sufficiently cured the alleged breach may Employee issue the notice of Resignation for "good reason" described above).

(f) **Timing of Payments.** The time at which all payments due under Sections 8(d) or 8(e) above will commence and the form in which such payments will be made will depend upon the following three factors: (1) whether Employee is a Specified Employee, (2) whether the Termination or Resignation following a Change of Control occurs on or before, or after the second anniversary of the Control Change Date and (3) whether the Change of Control constitutes a "change in the ownership or effective control" of Employer or a "change in the ownership of a substantial portion of the assets" of Employer within the meaning of Code section 409A(a)(2)(A)(v) and the applicable Treasury Regulations issued thereunder (a "Section 409A Change of Control"). Each of the payment scenarios is set forth below:

- (i) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be made in a lump sum, on the first day after the six month anniversary of the effective date of Employee's termination of employment.
- (ii) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is a Section 409A Change of Control, such payment(s) shall be paid in a lump sum payment within 5 business days of Employee's termination of employment.
- (iii) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date, and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be paid in equal installments in accordance with Employee's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first payment made six months and one day following Employee's termination of employment at which time all amounts held in arrears shall be paid in a

lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period.

- (iv) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is after the second anniversary of the Control Change Date and whether or not the Change of Control is a Section 409A Change of Control, such payment(s) shall be made in equal installments over the Severance Period in accordance with Employer's regular salary payment practices.
- (v) If Employee is a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be paid in equal installments in accordance with Employee's regular salary payment practices over the Severance Period except that no payments shall be made during the first six months following Employee's termination of employment and each such payment which otherwise would have been made during such initial six-month time period shall be held in arrears by Employer until the first payment made six months and one day following Employee's termination of employment at which time all amounts held in arrears shall be paid in a lump sum and the remaining 18 months of severance pay shall be paid in equal installments in accordance with Employer's regular salary payment practices over the Severance Period.
- (vi) If Employee is not a Specified Employee at the time Employee is eligible to be paid any amounts under Section 8(d) or 8(e), Employee's termination from employment is on or before the second anniversary of the Control Change Date, and the Change of Control is not a Section 409A Change of Control, such payment(s) shall be made in equal installments over the Severance Period in accordance with Employer's regular salary payment practices.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) **Expenses.** If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney's fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute

(h) **Successors in Interest.** The rights and obligations of Employer and Employee under this Section 8 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 8 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer's assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 8 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

**9. Deductions and Withholding.** Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

**10. Gross Up Payment.** If at any time or from time to time, it shall be determined by tax counsel mutually agreeable to Employer and Employee that any payment or other benefit to Employee pursuant to this Agreement or otherwise ("Potential Parachute Payment") is or will become subject to the excise tax imposed by Section 4999 of the Code or any similar tax ("Excise Taxes"), then Employer shall, subject to the limitations below, pay or cause to be paid a tax gross-up payment ("Gross-Up Payment") with respect to all such Excise Taxes and other taxes on the Gross-Up Payment. The Gross-Up Payment shall be an amount equal to the product of (a) the amount of the Excise Taxes multiplied by (b) a fraction (the "Gross-Up Multiple"), the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the lesser of (i) the sum, expressed as a decimal fraction, of the effective marginal rates of any taxes and any Excise Taxes applicable to the Gross-Up Payment or (ii) .80, it being intended that the Gross-Up Multiple shall in no event exceed five (5.0). If different rates of tax are applicable to various portions of a Gross-Up Payment, the weighted average of such rates shall be used. Excise Taxes and other penalties under Section 409A of the Code shall not be "any similar tax" for purposes of this Agreement.

(a) To the extent possible, any payments or other benefits to Employee pursuant to this Agreement shall be allocated as consideration for Employee's entry into the covenants made by him in Section 6.

(b) Notwithstanding any other provisions of this Section 10, if the aggregate After-Tax Amount (as defined below) of the Potential Parachute Payments and Gross-Up Payment that, but for this limitation, would be payable to Employee, does not exceed 120% of After-Tax Floor Amount (as defined below), then no Gross-Up Payment shall be made to Employee and the aggregate amount of Potential Parachute Payments payable to Employee shall be reduced (but not below the Floor Amount) to the largest amount which would both (i) not cause any Excise Tax to be payable by Employee and (ii) not cause any Potential Parachute Payments to become nondeductible by Employer by reason of Section 280G of the Code (or any successor provision). For purposes of the preceding sentence, Employee shall be deemed to be subject to the highest effective after-tax marginal rate of taxes.

For purposes of this Agreement:

(i) "After-Tax Amount" means the portion of a specified amount that would remain after payment of all taxes paid or payable by Employee in respect of such specified amount; and

(ii) "Floor Amount" means the greatest pre-tax amount of Potential Parachute Payments that could be paid to Employee without causing Employee to become liable for any Excise Taxes in connection therewith; and

(iii) "After-Tax Floor Amount" means the After-Tax Amount of the Floor Amount.

(c) If for any reason tax counsel mutually agreeable to Employer and Employee later determine that the amount of Excise Taxes payable by Employee is greater than the amount initially determined pursuant to the above provisions of this Section 10, then Employer shall, subject to Sections 10(d) and 10(e) pay Employee, within thirty (30) days of such determination, or pay to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to the product of (a) the sum of (i) such additional Excise Taxes and (ii) any interest, penalties, expenses or other costs incurred by Employee as a result of having taken a position in accordance with a determination made pursuant to Paragraph 10(d), multiplied by (b) the Gross-Up Multiple.

(d) Employee shall immediately notify Employer in writing (an "Employee's Notice") of any claim by the IRS or other taxing authority (an "IRS Claim") that, if successful, would require the payment by Employee of Excise Taxes in respect of Potential Parachute Payments in an amount in excess of the amount of such Excise Taxes determined in accordance with Section 10. Employee's Notice shall fully inform Employer of all particulars of the IRS Claim and the date on which such IRS Claim is due to be paid (the "IRS Claim Deadline").

Employer shall direct the Employee as to whether to pay all or part of the IRS Claim or to contest the IRS Claim or to pursue a claim for a refund (a "Refund Claim") of all or any portion of such Excise Taxes, other taxes, interest or penalties as may be specified by Employer in a written notice to Employee. If Employer directs Employee to pay all or part of the IRS Claim, the amount of such payment shall also be deemed a Gross-Up Payment, which Employer shall pay to the Employee or the IRS, as appropriate. The Employee shall cooperate fully with Employer in good faith to contest such IRS Claim or pursue such Refund Claim (including appeals) and shall permit Employer to participate in any proceedings relating to such IRS Claim or Refund Claim.

Employer shall control all proceedings in connection with such IRS Claim or Refund Claim (as applicable) and in its discretion may cause Employee to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or other taxing authority.

Employer shall pay directly all legal, accounting and other costs and expenses (including additional interest and penalties) incurred by Employer or Employee in connection with any IRS Claim or Refund Claim, as applicable, and shall indemnify Employee, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such payment of costs or expenses.

(e) If Employee receives any refund with respect to Excise Taxes, Employee shall (subject to Employer's complying with any applicable requirements of Section 10(d)) promptly pay Employer the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). Any contest of a denial of refund shall be controlled by Section 10(d).

(f) **409A Compliance.** Any Gross-Up Payment made under this Agreement shall be made no later than by the end of Employee's taxable year next following Employee's taxable year in which he remits the Excise Taxes. In the event Employee has a right to a Gross-Up Payment due to a tax audit or litigation addressing the existence or amount of a tax liability, whether Federal, state, local, or foreign, any Gross-Up Payment relating thereto will be made by the end of Employee's taxable year following Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

**11. Arbitration.** Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration in Kansas City, Missouri, to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be

entered on the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its or Employee's own costs and attorney's fees with respect to the arbitration (except as set forth in Section 8(g)(ii), above). Nothing in this Section 11 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

**12. Non-Waiver.** It is understood and agreed that one Party's failure at any time to require the performance by the other Party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first Party's right thereafter to enforce the same, nor shall the waiver by either Party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

**13. Severability.** If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**14. Survivability.** Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 6 through 20 hereof shall nevertheless remain in full force and effect but shall under no circumstances extend the Term of this Agreement (or the Employee's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

**15. Governing Law.** This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

**16. Construction.** The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

**17. Entire Agreement.** This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

**18. Assignability.** Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

**19. Code Section 409A.** This Agreement is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and shall be construed and interpreted in accordance with such intent. To the extent that any payment or benefit provided hereunder is subject to Section 409A of the Code, such payment or benefit shall be provided in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment or benefit shall not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Agreement that would cause any payment or benefit to fail to satisfy Section 409A of the Code shall be amended (in a manner that as closely as practicable achieves the original intent of this Agreement) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

**20. Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to

Euronet Worldwide, Inc.  
Attention: General Counsel  
4601 College Boulevard, Ste. 300  
Leawood, Kansas 66211

if to Employee, to

Juan C. Bianchi

or to such other address as Employer or Employee shall have furnished to the other in writing.



IN WITNESS WHEREOF, the Parties have duly executed this Agreement, to be effective as of the date first above written.

/s/ Juan C. Bianchi  
Juan C. Bianchi

**Euronet Worldwide, Inc.**  
a Delaware Corporation

/s/ Michael J. Brown  
By: Michael J. Brown  
Its: Chairman and Chief Executive Officer

## **Schedule A**

### **Vesting Schedule**

The restricted stock referred to in Section 3(b)(i) shall vest as follows:

#### **Time Vest Restricted Stock :**

Restricted stock with an aggregate value of \$1,500,000 will be subject to time-based vesting over 5 years ("Time Vest Restricted Stock"). Each year, on the anniversary of the date on which the restricted stock was awarded (each such date, a "Annual Vest Date,") 20% of the shares awarded shall vest to the Employee, provided he shall have remained in continuous employment with Employer until such Annual Vest Date (including but not limited to the duration of the Term and the duration of the Severance Period).

#### **Performance Vest Restricted Stock — Tranche A:**

Restricted stock with an aggregate value of \$1,500,000 will be subject to performance based vesting over 5 years ("Performance Vest Restricted Stock — Tranche A") as follows: Each year, on the anniversary of the date on which the restricted stock was awarded (each such date, a "Annual Vest Date") 20% of the shares awarded shall vest to the Employee, provided that (i) he shall have remained in continuous employment with Employer until such Annual Vest Date (including but not limited to the duration of the Term and the duration of the Severance Period) and (ii) EBITDA of Ria Envia, Inc., as determined in the next paragraph, shall have increased 10% or more during the 12 month calendar period closed prior to each Annual Vest Date, as compared with the previous year's EBITDA.

EBITDA shall be determined exclusive of intercompany profits and in United States dollars. For the avoidance of doubt, EBITDA represents "Operating Income" of Ria Envia Inc. and its consolidated subsidiaries as disclosed in Employer's financial statements filed with the Securities and Exchange Commission (excluding the impact of acquisitions closed after April 5, 2007, intercompany profits and depreciation and amortization), after deduction of all direct costs, salaries (including bonuses paid or accrued), applicable share-based compensation, benefits and selling, general and administrative expense incurred by, or allocated to, the Ria Envia, Inc. EBITDA shall be determined by the Compensation Committee of the Board of Directors of the Employer on or before each Annual Vest Date.

#### **Performance Vest Restricted Stock — Tranche B.**

Restricted stock with an aggregate value of \$3,500,000 will be subject to performance based vesting over 5 years ("Performance Vest Restricted Stock — Tranche B") as follows: Each year,

on the anniversary of the date on which the restricted stock was awarded (each such date, a "Annual Vest Date") 20% of the shares awarded shall vest to the Employee, provided that (i) he shall have remained in continuous employment with Employer until such Annual Vest Date (including but not limited to the duration of the Term and the duration of the Severance Period) and (ii) the following targets are met:

(a) on the first Annual Vest Date, Ria Envía Inc., on a consolidated basis (exclusive of the impact of acquisitions closed subsequent to April 5, 2007) achieves EBITDA as defined above totalling at least 90% of the EBITDA growth projected for Ria Envía Inc. in the financial plan included in the Credit Suisse Confidential Information Memorandum relating to the sale of Ria Envía Inc. ("Projected Ria Growth") for the year ended December 31, 2007.

(b) on the second Annual Vest Date, Ria Envía Inc., on a consolidated basis (exclusive of the impact of acquisitions closed subsequent to April 5, 2007) achieves EBITDA as defined above totalling at least 90% of Projected Ria Growth for the year ended December 31, 2008

(c) on each of the third through the fifth Annual Vest Dates, if Ria Envía Inc., on a consolidated basis (exclusive of the impact of acquisitions closed subsequent to April 5, 2007) achieves EBITDA for each year that is at least 15% higher than the previous year.

**EURONET WORLDWIDE, INC.**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(Unaudited)

(dollar amounts in thousands)	Three Months Ended March 31,	
	2008	2007
Pretax income from continuing operations before adjustment for minority interest or income from unconsolidated subsidiaries	\$ 4,481	\$ 13,114
Add:		
Fixed charges	7,907	4,123
Dividends received	—	1,270
Adjusted pretax income	\$ 12,388	\$ 18,507
Fixed charges:		
Interest expense	\$ 6,867	\$ 3,581
Estimate of interest within rental expense	1,040	542
Total fixed charges	\$ 7,907	\$ 4,123
Ratio of earnings to fixed charges	1.6	4.5

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER**

I, Michael J. Brown, Chairman and Chief Executive Officer, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Euronet Worldwide, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

/s/ MICHAEL J. BROWN

**Michael J. Brown**  
**Chairman and Chief Executive Officer**



