

EURONET WORLDWIDE INC

Form DEF 14A

April 10, 2007

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OMB APPROVAL

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  **p**  
Filed by a Party other than the Registrant  **o**

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- p** Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Euronet Worldwide, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- p** No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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**EURONET WORLDWIDE, INC.  
4601 COLLEGE BOULEVARD  
SUITE 300  
LEAWOOD, KANSAS 66211  
913-327-4200**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On May 17, 2007**

Euronet Worldwide, Inc., a Delaware corporation ( Euronet, we or us ), will hold the Annual Meeting of our Stockholders on Thursday, May 17, 2007 at 2:00 p.m. (Central time), at the Hilton Garden Inn Overland Park, 5800 College Boulevard, Overland Park, Kansas 66211, to consider and vote upon the following matters:

1. Election of three Directors, each to serve a three-year term expiring upon the 2010 Annual Meeting of Stockholders or until a successor is duly elected and qualified.
2. Ratification of the appointment of KPMG LLP as Euronet s independent registered public accounting firm for the year ending December 31, 2007.
3. Consideration of such other business as may properly come before the meeting or any adjournment of the meeting.

Our Board of Directors has fixed the close of business on March 30, 2007, as the record date for the determination of Stockholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournment of the meeting.

All Stockholders are cordially invited to attend the meeting in person. However, *to assure your representation at the meeting, you are urged to mark, sign, date and return the enclosed proxy as promptly as possible* in the postage prepaid envelope provided for that purpose. Any Stockholder attending the meeting may vote in person even if he or she returned a proxy.

By Order of the Board,

Jeffrey B. Newman  
*Executive Vice President,  
General Counsel and Secretary*

April 11, 2007

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**EURONET WORLDWIDE, INC.**  
**4601 COLLEGE BOULEVARD**  
**SUITE 300**  
**LEAWOOD, KANSAS 66211**  
**913-327-4200**

**PROXY STATEMENT**

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**ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 17, 2007**

**DATE, TIME AND PLACE OF MEETING**

Euronet Worldwide, Inc. ( Euronet, we or us ) is furnishing this proxy statement in connection with the solicitation of proxies by our Board of Directors (the Board ), for use at the Annual Meeting of Stockholders to be held on Thursday, May 17, 2007, at 2:00 p.m. (Central time), at the Hilton Garden Inn Overland Park, 5800 College Boulevard, Overland Park, Kansas 66211, and at any adjournment of the meeting (the Annual Meeting ).

**Record Date; Quorum; Shares Outstanding**

Stockholders at the close of business on March 30, 2007 (the Record Date ) are entitled to notice of, and to vote at, the Annual Meeting. The Stockholders will be entitled to one vote for each share of common stock, par value \$0.02 per share (the Common Stock ), held of record at the close of business on the Record Date. To take action at the Annual Meeting, a quorum composed of holders of one-third of the shares of Common Stock outstanding must be represented by proxy or in person at the Annual Meeting. On February 28, 2007, there were 37,740,605 shares of Common Stock outstanding. No shares of preferred stock are outstanding.

**Date of Mailing**

We are first sending this proxy statement, the accompanying proxy and our annual report to Stockholders for the year ended December 31, 2006 (the Annual Report ) to Stockholders on or about April 11, 2007.

**REVOCABILITY OF PROXIES**

Shares of Common Stock represented by valid proxies that we receive at any time up to and including the day of the Annual Meeting will be voted as specified in such proxies. Any Stockholder giving a proxy has the right to revoke it at any time before it is exercised by attending the Annual Meeting and voting in person or by filing with Euronet 's secretary an instrument of revocation or a duly executed proxy bearing a later date.

**VOTING AND SOLICITATION**

Each share of Common Stock issued and outstanding as of the Record Date will have one vote on each of the matters presented herein. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the Annual Meeting. We will treat shares that are voted For, Against or Withheld From a matter as being present at the meeting for purposes of establishing a quorum and also as shares entitled to vote at the Annual Meeting (the Votes Cast ). We will treat abstentions and broker non-votes also as shares that are present and entitled to be voted for purposes of determining the presence of a quorum. Abstentions will count in determining the total number of Votes Cast with respect to a proposal that requires a majority of Votes Cast and, therefore, will have the same effect as a vote against such a proposal. Broker non-votes will not count in determining the number of Votes Cast with respect to a proposal that requires a majority of Votes Cast and, therefore, will not affect the outcome of the voting on such a proposal. Abstentions and broker non-votes will not affect the outcome of the voting for the election of directors.

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**PERSONS MAKING THE SOLICITATION**

Euronet is making all the solicitations in this proxy statement. We will bear the entire cost of this solicitation of proxies. Our Directors, officers, and employees, without additional remuneration, may solicit proxies by mail, telephone and personal interviews. We will, if requested, reimburse banks, brokerage houses and other custodians, nominees and certain fiduciaries for their reasonable out-of-pocket expenses incurred in connection with the distribution of proxy materials to their principals.

**WE WILL FURNISH ADDITIONAL COPIES OF THE ANNUAL REPORT, NOT INCLUDING EXHIBITS, WITHOUT CHARGE TO ANY STOCKHOLDER UPON WRITTEN REQUEST TO OUR GENERAL COUNSEL AND SECRETARY, JEFFREY B. NEWMAN, AT OUR ADDRESS SET FORTH HEREIN. WE WILL FURNISH EXHIBITS TO THE ANNUAL REPORT TO STOCKHOLDERS UPON WRITTEN REQUEST AND PAYMENT OF AN APPROPRIATE PROCESSING FEE.**

**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

As of the close of business on February 28, 2007, we had 37,740,605 shares of Common Stock issued and outstanding. The following table sets forth certain information with respect to the beneficial ownership of our Common Stock as of February 28, 2007, by (i) each Euronet Director, nominee for Director and Named Executive Officer, (ii) all Euronet Directors, nominees for Director and Executive Officers as a group, and (iii) each Stockholder known by Euronet beneficially to own more than 5% of our Common Stock.

| <b>Stockholder</b>   | <b>Beneficial Ownership<br/>Number of<br/>Shares (1)</b> | <b>Percent of<br/>Outstanding</b> |
|--|--|-----------------------------------|
| Directors and Named Executive Officers   |  |                                   |
| Michael J. Brown(2)<br>4601 College Boulevard, Suite 300<br>Leawood, KS 66211                    | 2,680,359  | 7.1%                              |
| Rick L. Weller(3)  | 163,411  | *                                 |
| Miro I. Bergman(4)   | 68,321   | *                                 |
| John M. Romney(5)  | 52,077   | *                                 |
| M. Jeannine Strandjord(6)  | 47,333   | *                                 |
| Thomas A. McDonnell(7)   | 40,833   | *                                 |
| Daniel R. Henry(8)   | 33,614   | *                                 |
| Dr. Andrzej Olechowski(9)  | 29,833   | *                                 |
| Andrew B. Schmitt(10)  | 17,833   | *                                 |
| Paul S. Althasen   | 3,333  | *                                 |
| Eriberto R. Scocimara(11)  | 1,166  | *                                 |
| All Directors, Nominees for Director and Executive Officers as a Group (12<br>persons)           | 3,182,942  | 8.3%                              |
| Five Percent Holders   |  |                                   |
| William Blair & Company L.L.C.(12)<br>222 West Adams<br>Chicago, IL 60606                        | 5,292,838  | 14.0%                             |
| Waddell & Reed Investment Management Company(13)<br>6300 Lamar Avenue<br>Overland Park, KS 66202 | 3,782,500  | 10.0%                             |
| DST Systems, Inc.(14)<br>333 West 11th Street<br>Kansas City, MO 64105-1594                      | 1,884,597  | 5.0%                              |

\* The percentage of shares of Common Stock beneficially owned does not exceed one percent of the outstanding shares of Common Stock.

(1) Calculation of percentage of beneficial ownership assumes vesting of restricted stock and the exercise options to purchase Common Stock by only the respective named stockholder that are vested or will vest within 60 days of February 28, 2007.



- (2) Includes (i) 192,364 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007, (ii) 34,000 shares of Common Stock held by Mr. Brown's wife, and (iii) 166,000 shares of Common Stock held by Mr. Brown's wife as guardian for their children.
- (3) Includes 161,218 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.
- (4) Includes 40,263 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.

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- (5) Includes 38,077 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.
- (6) Includes (i) 36,667 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007, (ii) 6,500 shares held jointly with Ms. Strandjord's husband, (iii) 2,000 shares held in Ms. Strandjord's individual retirement account and (iv) 1,000 shares Ms. Strandjord holds as custodian for her daughter.
- (7) Includes 39,667 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007. Thomas A. McDonnell is also the President of DST Systems, Inc., which beneficially owns 1,884,597 shares of Common Stock, but Mr. McDonnell disclaims ownership of these shares.
- (8) Includes 30,614 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.
- (9) Includes 18,667 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.
- (10) Includes 16,667 shares of Common Stock issuable pursuant to options exercisable and/or restricted stock vesting within 60 days of February 28, 2007.
- (11) Mr. Scocimara is the President and Chief Executive Officer of the Hungarian-American Enterprise Fund ( HAEF ), a Government sponsored investment fund. These shares are held for the benefit of HAEF. The proceeds of any sales of Euronet shares issued to Mr. Scocimara in his capacity as a director of the Company are transferred to HAEF.
- (12) As reported in Schedule 13G filed on January 17, 2007 disclosing beneficial ownership as of December 31, 2006.
- (13) As reported in a Schedule 13G/A filed on February 9, 2007 disclosing beneficial ownership as of December 31, 2006. These shares are beneficially owned by one or more open-end investment companies or other managed accounts which are advised or sub-advised by Ivy Investment Management Company, an investment subsidiary of Waddell & Reed Financial, Inc. or Waddell & Reed Investment Management Company, an investment advisory subsidiary of Waddell & Reed, Inc.
- (14) As reported in Schedule 13D filed on March 20, 2002.

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**PROPOSAL 1**  
**ELECTION OF DIRECTORS**

Our Directors are as follows:

| Name                             | Age | Position   | Term Expires |
|----------------------------------|-----|--|--------------|
| <b>Directors</b>                 |     |  |              |
| Michael J. Brown*                | 50  | Chairman, Chief Executive Officer,<br>President and Class I Director | 2007         |
| Andrew B. Schmitt(1)(2)(3)*      | 58  | Class I Director   | 2007         |
| M. Jeannine Strandjord(1)(2)(3)* | 61  | Class I Director   | 2007         |
| Dr. Andrzej Olechowski(2)(3)     | 60  | Class II Director  | 2008         |
| Eriberto R. Scocimara(1)(2)(3)   | 71  | Class II Director  | 2008         |
| Paul S. Althasen                 | 42  | Executive Vice President and<br>Class III Director                   | 2009         |
| Daniel R. Henry(4)               | 41  | Class III Director   | 2009         |
| Thomas A. McDonnell(1)(2)(3)     | 61  | Class III Director   | 2009         |

\* Nominated for election at this Annual Meeting.

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating & Corporate Governance Committee.

(4) Mr. Henry resigned from his position as President and Chief Operating Officer effective December 31, 2006.

**Classified Board**

We currently have eight Directors divided among three classes as follows:

Class I Michael J. Brown, Andrew B. Schmitt and M. Jeannine Strandjord;

Class II Dr. Andrzej Olechowski and Eriberto R. Scocimara; and

Class III Paul S. Althasen, Daniel R. Henry, and Thomas A. McDonnell.

Messrs. Althasen and Brown are management Directors. The Board has determined that five of the remaining six Directors are independent Directors as defined in the listing standards for the Nasdaq Global Select Market. Daniel R. Henry recently resigned as our President and Chief Operating Officer and is therefore not independent as defined in the listing standards of the Nasdaq Global Select Market, but will be compensated as an outside Director beginning in 2007.

Three Class I Directors are to be elected at the Annual Meeting for three-year terms ending at the Annual Meeting of Stockholders in 2010. The Board has nominated Michael J. Brown, Andrew B. Schmitt and M. Jeannine Strandjord for election as Class I Directors. Unless otherwise instructed, each signed and returned proxy will be voted for Michael J. Brown, Andrew B. Schmitt and M. Jeannine Strandjord. Messrs. Brown and Schmitt and Ms. Strandjord have consented to serve as Directors of Euronet. If Messrs. Brown or Schmitt or Ms. Strandjord is unable or subsequently declines to serve as a Director at the time of the Annual Meeting, the proxies will be voted for any alternative nominee who shall be designated by the present Board to fill the vacancy. We are not aware of any reason why Messrs. Brown or Schmitt or Ms. Strandjord will be unable or will decline to serve as a Director.

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**Nominees for Election at the Annual Meeting**

The following information relates to the nominees indicated above and to our other Directors whose terms of office will extend beyond 2007. All Directors have served on our Board for at least five years, except as otherwise indicated.

MICHAEL J. BROWN is one of the founders of Euronet and has served as our Chairman of the Board and Chief Executive Officer since 1996 and became our President on December 31, 2006. He also founded our predecessor in 1994 with Daniel R. Henry, our former President and Chief Operating Officer. Mr. Brown has been a Director of Euronet since our incorporation in December 1996 and previously served on the boards of Euronet's predecessor companies. In 1979, Mr. Brown founded Innovative Software, Inc., a computer software company that was merged in 1988 with Informix. Mr. Brown served as President and Chief Operating Officer of Informix from February 1988 to January 1989. He served as President of the Workstation Products Division of Informix from January 1989 until April 1990. In 1993, Mr. Brown was a founding investor of Visual Tools, Inc. Visual Tools, Inc. was acquired by Sybase Software in 1996. Mr. Brown is currently a director of Blue Valley Ban Corp. Mr. Brown received a B.S. in electrical engineering from the University of Missouri - Columbia in 1979 and a M.S. in molecular and cellular biology at the University of Missouri - Kansas City in 1997. Mr. Brown is married to the sister of the wife of Daniel R. Henry.

ANDREW B. SCHMITT has served on our Board since September 24, 2003. Mr. Schmitt has served as President and Chief Executive Officer of Layne Christensen Company since October 1993. For approximately two years prior to joining Layne Christensen Company, Mr. Schmitt was a partner in two privately owned hydrostatic pump and motor manufacturing companies and an oil and gas service company. He served as President of the Tri-State Oil Tools Division of Baker Hughes Incorporated from February 1988 to October 1991. Mr. Schmitt serves on the board of directors of Layne Christensen Company, as well as the boards of its subsidiaries and affiliates. Mr. Schmitt holds a bachelor of science degree from the University of Alabama School of Commerce and Business.

M. JEANNINE STRANDJORD has served on our Board since March 26, 2001. From September 2003 until November 2005 when she retired, Ms. Strandjord served as Senior Vice President and Chief Integration Officer of Sprint Corporation ( Sprint ) with responsibility for implementation of Sprint's transformation, including overall program management of comprehensive process redesign and organizational development. From January, 2003 to September, 2003, she was Senior Vice President of Financial Services of Sprint. From November 1998 to December 2002, Ms. Strandjord was Senior Vice President of Finance for the Global Markets Group of Sprint. From 1990 to November 1998, Ms. Strandjord was Senior Vice President and Treasurer for Sprint. From 1986 to 1990, she served as Vice President and Controller of Sprint. Ms. Strandjord joined Sprint in January 1985, serving as Vice President of Finance and Distribution at AmeriSource, Inc., a Sprint subsidiary. Prior to joining Sprint, Ms. Strandjord was Vice President of Finance for Macy's Midwest and had held positions with Kansas City Power & Light Co. and Ernst and Whinney. Ms. Strandjord holds a bachelor's degree in accounting and business administration from the University of Kansas and is a certified public accountant. She is a member of the board of six registered investment companies which are a part of American Century Funds, a member of the board and the audit committee of DST Systems, Inc. and a member of the board and the audit committee of Charming Shoppes, Inc.

**Other Directors**

PAUL S. ALTHASEN has served on our Board since May 2003. Mr. Althasen currently serves as Executive Vice President. He joined Euronet in February 2003 in connection with Euronet's acquisition of e-pay Limited, a U.K. company. Mr. Althasen is a co-founder and former CEO and Co-Managing Director of e-pay, and he was responsible for the strategic direction of e-pay since its formation in 1999. From 1989 to 1999, Mr. Althasen was a co-founder and Managing Director of MPC Mobile Phone Center, a franchised retailer of cellular phones in the U.K. Previously, Mr. Althasen worked for Chemical Bank in London where he traded financial securities. Mr. Althasen has a B.A. (Honors) degree in business studies from the City of London Business School.



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DANIEL R. HENRY founded the predecessor of Euronet with Michael J. Brown, our Chairman of the Board and Chief Executive Officer, in 1994 and formerly served as our President and Chief Operating Officer until December 31, 2006. Prior to joining us, Mr. Henry was a commercial real estate broker for five years in the Kansas City metropolitan area where he specialized in the development and leasing of premier office properties. Mr. Henry received a B.S. in Business Administration from the University of Missouri Columbia in 1988. Mr. Henry has been a Director of Euronet since our incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. Mr. Henry is married to the sister of the wife of Michael J. Brown.

THOMAS A. MCDONNELL has been a Director of Euronet since its incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. Since October 1984, he has served as Chief Executive Officer of DST Systems, Inc., a Stockholder of Euronet. Since January 1973 (except for a 30 month period from October 1984 to April 1987) he has also served as President of DST Systems, Inc. From 1973 to September 1995, he served as Treasurer of DST Systems, Inc. Mr. McDonnell is currently a director of DST Systems, Inc., Commerce Bancshares, Inc., Garmin Ltd., Blue Valley Ban Corp and Kansas City Southern. He is a member of the audit committees of Kansas City Southern, Commerce Bancshares, Inc. and Garmin Ltd. Mr. McDonnell has a B.S. in Accounting from Rockhurst College and an M.B.A. from the Wharton School of Finance.

DR. ANDRZEJ OLECHOWSKI has served as a Director of Euronet since May 2002. He previously served as a Director of Euronet from its incorporation in December 1996 until May 2000. Since 1995, Dr. Olechowski has served as a consultant for Central Europe Trust, Poland, a consulting firm. He has held several senior positions with the Polish government: from 1993 to 1995, he was Minister of Foreign Affairs and in 1992 he was Minister of Finance. From 1992 to 1993, and again in 1995, he served as economic advisor to President Walesa. From 1991 to 1992, he was Secretary of State in the Ministry of Foreign Economic Relations and from 1989 to 1991 he was Deputy Governor of the National Bank of Poland. From May 1998 to June 2000, Dr. Olechowski served as the Chairman of Bank Handlowy w Warszawie SA (Poland). Currently, Dr. Olechowski sits on the Supervisory Boards of Bank Handlowy w Warszawie SA (Poland) and Vivendi (France) as well as the International Advisory Board of Textron (USA), European Advisory Board of Citigroup (UK), International Advisory Board of ACE Industries (USA), Advisory Panel of Macquarie European Infrastructure Fund II and the boards of various charitable and educational foundations. He received a Ph.D. in Economics in 1979 from the Central School of Planning and Statistics in Warsaw.

ERIBERTO R. SCOCIMARA has been a Director of Euronet since its incorporation in December 1996 and previously served on the boards of Euronet's predecessor companies. Since April 1994, Mr. Scocimara has served as President and Chief Executive Officer of the Hungarian-American Enterprise Fund ( HAEF ), a private company that is funded by the U.S. government and invests in Hungary. Since 1984, Mr. Scocimara has also been the President of Scocimara & Company, Inc., an investment management company. Mr. Scocimara is currently a director of HAEF, Carlisle Companies, Quaker Fabrics, American Reprographics Company (ARP) and several privately owned companies. He is chairman of the audit committee of Quaker Fabrics and a member of the audit committee of ARP. He was a member of the board of Roper Industries until June 2006 and was the chairman of the audit committee of Roper Industries until February 2006. He has a Licence de Science Economique from the University of St. Gallen, Switzerland, and an M.B.A. from Harvard University.

**Board Recommendation**

The Directors are elected by a plurality of the shares voted by the Stockholders. The three candidates for election as Directors who receive the highest number of affirmative votes by the holders of shares present and entitled to be voted at the Annual Meeting will be elected.

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF MESSRS. BROWN AND SCHMITT AND MS. STRANDJORD AS CLASS I DIRECTORS OF EURONET.**





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**PROPOSAL 2**

**RATIFICATION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2007**

We are requesting our Stockholders to ratify the selection by our Audit Committee of KPMG LLP as Euronet's independent registered public accounting firm for 2007. KPMG LLP will audit the consolidated financial statements of Euronet and its subsidiaries for 2007, review certain reports we will file with the U.S. Securities and Exchange Commission (SEC), perform a review of management's assessment as of December 31, 2007 of our internal control over financial reporting, issue an attestation report on such assessment, provide our Board and Stockholders with certain reports, and provide such other services as our Audit Committee and its Chairperson may approve from time to time.

KPMG LLP served as our independent registered public accounting firm for 2006, and performed professional services for us as described below in the Audit Matters section. Representatives of KPMG LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire and to respond to appropriate questions. Although our Audit Committee has selected KPMG LLP, it nonetheless may, in its discretion, terminate KPMG's engagement and retain another independent registered public accounting firm at any time during the year if it concludes that such change would be in the best interests of Euronet and its Stockholders.

**Required Votes and Board Recommendations**

Approval of the ratification of KPMG LLP as our independent registered public accounting firm for 2007 requires the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and voting on such matter.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR PROPOSAL 2 REGARDING RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2007.**

**MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The Board held six meetings during 2006. The Board has established an Audit Committee, a Compensation Committee and a Nominating & Corporate Governance Committee. Each Director attended at least 75% of the total number of meetings held by the Board and Board committees on which he or she served (during the period for which he or she was a Director).

**Audit Committee**

The Audit Committee of the Board, composed solely of independent Directors, met eight times in 2006. The following four Directors are members of the Audit Committee: M. Jeannine Strandjord, Chair, Thomas A. McDonnell, Eriberto R. Scocimara and Andrew B. Schmitt. The Audit Committee operates under a written charter adopted by the Board, which is published on Euronet's website at <http://www.euronetworldwide.com/investors/index.asp> under the Corporate Governance menu.

The Board has determined that each of the Audit Committee members is independent, as that term is defined under the enhanced independence standards for audit committee members in the Securities Exchange Act of 1934 and rules

promulgated thereunder, as amended and incorporated into the listing standards of the Nasdaq Global Select Market.

The Board of Directors has determined that all of the members of the Audit Committee are audit committee financial experts as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002.

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The Audit Committee has oversight responsibilities with respect to our financial reporting process and systems of internal controls regarding finance, accounting and legal compliance. The Audit Committee is responsible for retaining, evaluating, and monitoring our independent registered public accounting firm and for providing an audit committee report for inclusion in our proxy statement. The Audit Committee is also responsible for maintaining open communication among the Audit Committee, management and our outside auditors. However, the Audit Committee is not responsible for conducting audits, preparing financial statements, or assuring the accuracy of financial statements or filings, all of which is the responsibility of management and/or the outside auditors.

## **Compensation Committee**

The Compensation Committee of the Board met five times in 2006 to determine policies regarding the compensation of our executives and to review and approve the grant of options, restricted stock and cash bonuses to our executives. The purpose of the Compensation Committee is to make determinations and recommendations to the Board with respect to salaries and bonuses payable to our Chief Executive Officer and senior executive officers. Thomas A. McDonnell, Chair, M. Jeannine Strandjord, Dr. Andrzej Olechowski, Andrew B. Schmitt and Eriberto R. Scocimara are the current members of the Compensation Committee. The Board has determined that all the members of the Compensation Committee are independent as defined under the general independence standards of the listing standards of the Nasdaq Global Select Market.

The Compensation Committee performs its functions and responsibilities pursuant to a written charter adopted by our Board, which is published on Euronet's website at <http://www.euronetworldwide.com/investors/index.asp>, under the Corporate Governance menu.

## **Nominating & Corporate Governance Committee**

The Nominating & Corporate Governance Committee met once during 2006 and met in March 2007 to evaluate the performance of the Board during 2006. Andrew B. Schmitt, Chair, M. Jeannine Strandjord, Dr. Andrzej Olechowski, Eriberto R. Scocimara and Thomas A. McDonnell are the current members of the Nominating & Corporate Governance Committee. The Board has determined that all of the members of the Nominating & Corporate Governance Committee are independent as defined under the general independence standards of the listing standards of the Nasdaq Global Select Market.

The Nominating & Corporate Governance Committee performs the functions of a nominating committee. The Nominating & Corporate Governance Committee's charter describes the Committee's responsibilities, including developing corporate governance guidelines and seeking, screening and recommending director candidates for nomination by the Board. This charter is published on our website at <http://www.euronetworldwide.com/investors/index.asp> under the Corporate Governance menu. Euronet's Corporate Governance Guidelines contain information regarding the selection, qualification and criteria for director nominees and the composition of the Board, and are published on Euronet's website at <http://www.euronetworldwide.com/investors/index.asp> under the Corporate Governance menu.

The Nominating & Corporate Governance Committee evaluates each Director in the context of the Board as a whole, with the objective of recommending a director who can best perpetuate the success of the business and represent Stockholder interests through the exercise of sound judgment using the Board's diversity of experience in these various areas. As determining the specific qualifications or criteria against which to evaluate the fitness or eligibility of potential director candidates is necessarily a dynamic and an evolving process, the Board believes that it is not always in the best interests of Euronet or its Stockholders to attempt to create an exhaustive list of such qualifications or criteria. Appropriate flexibility is needed to evaluate all relevant facts and circumstances in context of the needs of the Board and Euronet at a particular point in time. Accordingly, the Nominating & Corporate Governance Committee

reserves the right to consider those factors as it deems relevant and appropriate, including the current composition of the Board, the balance of management and independent Directors, the need for Audit Committee expertise and the evaluations of other potential Director candidates. In determining whether to recommend a Director for re-election, the Nominating & Corporate Governance Committee also considers the Director's past attendance at meetings and participation in and contributions to the activities of the Board.

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As general guidelines, members of the Board and potential director candidates for nomination to the Board shall be persons with appropriate educational background and training and who:

have personal and professional integrity,

act in a thorough and inquisitive manner,

are objective,

have practical wisdom and mature judgment,

have demonstrated the kind of ability and judgment to work effectively with other members of the Board to serve the long-term interests of the Stockholders,

have a general understanding of management, marketing, accounting, finance and other elements relevant to Euronet's success in today's business environment,

have financial and business acumen, relevant experience, and the ability to represent and act on behalf of all Stockholders,

are willing to devote sufficient time to carrying out their duties and responsibilities effectively, including advance review of meeting materials, and

are committed to serve on the Board and its committees for an extended period of time.

In addition, any new directors nominated by the Board (a) who serve as a member of Euronet's Audit Committee will not be permitted to serve on the audit committee of more than two other boards of public companies, (b) who serve as chief executive officers or in equivalent positions will not be permitted to serve on more than two boards of public companies in addition to the Board, and (c) generally are not permitted to serve on more than four other boards of public companies in addition to the Board. These policies were adopted in November 2003 and the Board determined that they will not be applied to incumbent Directors, unless the Board considers that failure to comply is impairing the quality of the Directors' services on the Board.

The Board values the contributions of a Director whose years of service has given him or her insight into Euronet and its operations and believes term limits are not necessary. In general, Directors will not be nominated for election to the Board after their 73rd birthday, although the full Board may nominate director candidates over 73 under special circumstances.

*Director Candidate Recommendations and Nominations by Stockholders.* The Nominating & Corporate Governance Committee's charter provides that the Nominating & Corporate Governance Committee will consider director candidate recommendations by Stockholders. Director candidates recommended by Stockholders are evaluated in the same manner as candidates recommended by the Nominating & Corporate Governance Committee. Stockholders should submit any such recommendations to the Nominating & Corporate Governance Committee through the method described under Other Matters Stockholder Proposals for the 2008 Annual Meeting below. In addition, in accordance with Euronet's Bylaws, any Stockholder of record entitled to vote for the election of Directors at the applicable meeting of Stockholders may nominate persons for election to the Board of Directors if such Stockholder complies with the notice procedures set forth in the Bylaws and summarized in Other Matters Stockholder Proposals for the 2008 Annual Meeting below.

**Communications with the Board of Directors**

The Board has approved a formal policy for Stockholders to send communications to the Board or its individual members. Stockholders can send communications to the Board and specified individual Directors by mailing a letter to the attention of the Board or a specific Director (c/o the General Counsel) at Euronet Worldwide, Inc., 4601 College Blvd., Suite 300, Leawood, Kansas 66211.

Upon receipt of a communication for the Board or an individual director, the General Counsel will promptly forward any such communication to all the members of the Board or the individual Director, as appropriate. If a communication to an individual Director deals with a matter regarding Euronet, the General

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Counsel will forward the communication to the entire Board, as well as the individual Director. Neither the Board nor a specific Director is required to respond to Stockholder communications and when responding shall do so only in compliance with the Corporate Governance Guidelines.

**Director Attendance at Annual Meeting**

Euronet has a policy encouraging its Directors to attend the Annual Meeting of Stockholders. One Director, Michael J. Brown, attended our 2006 annual meeting.

**Code of Conduct**

The Board has adopted a Code of Conduct that applies to all of our employees and Directors, including the Chief Executive Officer, the Chief Financial Officer and the Controller (the Senior Financial Officers ). The Code of Conduct is available on Euronet s website at <http://www.euronetworldwide.com/investors/index.asp> under the Corporate Governance menu. Any amendment to or waiver of the Code of Conduct will be disclosed on a Form 8-K or on our website.

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**COMPENSATION, DISCUSSION AND ANALYSIS**

**Overview and Philosophy**

The Compensation Committee (the Committee), which currently consists of five independent Directors, administers our executive compensation programs. The Committee is responsible for establishing policies that govern both annual cash compensation and equity ownership programs.

Our executive compensation policies have the following objectives:

to align the interests of executive management and Stockholders by making individual compensation dependent upon achievement of financial goals and by providing long-term incentives through our equity-based award plans; and

to provide competitive compensation that will help attract, retain and reward highly qualified executives who contribute to our long-term success.

The overall compensation program is also designed to reward a combination of strong individual performance, strong performance by Euronet in meeting its long-term strategic goals and stock price appreciation.

Our compensation package for executive officers consists of a balance of base salary, certain employee benefits, annual bonuses based on a combination of corporate and individual performance criteria and stock options or grants of restricted stock, which vest over a period of years and/or upon the achievement of certain performance-based criteria. The base salary and benefit components are intended to compensate executive officers for day to day activity in accordance with each executive officer's employment arrangement with us. The annual bonus component is intended to reward executive officers for strong performance. The stock option and restricted grant awards are intended to help align executive officers' interests with those of the Stockholders.

To serve the best interests of Stockholders, the Committee follows an executive compensation philosophy that emphasizes performance-based compensation. In determining compensation, the Committee considers measures of performance against pre-determined financial and strategic goals and objectives. This approach provides Euronet's top executive officers with an incentive to achieve strategic long-term goals that benefit Stockholders. To further reinforce the performance-based culture, the Committee also has adopted a new incentive program, the Executive Annual Incentive Plan, for certain of our executive officers, including the named executive officers. This plan took effect at the beginning of 2006 and is designed to focus the efforts of the Company's key leaders by creating common accountability around specific long-term objectives. The grants under this program are at risk and the potential payout can vary depending on our earnings per share (EPS) growth performance, subject to certain adjustments approved by the Committee (Adjusted EPS).

The Committee's executive compensation philosophy also aligns the economic interests of executive officers and Stockholders by ensuring that nonvested Euronet Common Stock represents a substantial portion of an executive officer's total compensation package.

In determining levels of compensation of our executive officers for 2006, the Committee also engaged an independent outside consultant, Longnecker and Associates (the Consultant). The Consultant provided executive compensation information, including historical and prospective analysis of primary compensation components for each executive officer, as well as peer comparison analysis. At the request of the Committee, our Chief Operating Officer, Chief



Financial Officer and the Consultant shared certain information regarding business strategy and key performance indicators in determining the appropriate peer groups and comparison statistics.

The Committee reviews tally sheets to analyze and compare executives' compensation elements and total compensation among our peer groups. The Committee also considers input from our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer regarding the responsibilities and accomplishments of individual executive officers, information as to potential achievability of incentive goals and levels of various compensation elements necessary to provide incentives for and retain executive management. Our Chief Executive Officer makes recommendations to the Committee on each of the other executive officers' compensation. Executive officers are not involved in proposing or seeking approval for their own compensation. For the Chief Executive Officer's review, the independent Directors meet in executive session to rate the Chief Executive Officer's performance and determine appropriate compensation levels.

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### **Performance Criteria**

In determining the annual compensation of each executive officer, including the Chief Executive Officer, the Committee considers Euronet's financial performance both on an absolute basis and relative to comparable companies. In addition, it assesses individual performance against quantitative and qualitative objectives. Factors considered by the Committee in assessing individual performance include, but are not limited to:

**Financial Results** – company and business sector financial results for the most recent relevant period, on an absolute basis and relative to comparable companies with respect to certain financial parameters, including revenue growth, operating income growth, growth in EPS and return on equity ( ROE ).

**Strategic Growth and Execution** – strategic planning and implementation, business growth, acquisitions, technology and innovation.

**Leadership and Effectiveness** – management development and personal leadership.

**Governance and Controls** – corporate reputation and brand, risk management, the strength of the internal control environment and contribution to a culture of ethics and compliance.

The Committee considers all factors collectively in determining executive officers' annual compensation. The weight given to a particular factor may vary from year to year depending on the goals and objectives of the organization, thus enabling the Committee to align annual financial objectives with strategic leadership initiatives.

### **Incentive Plan**

In order to broaden senior management accountability for company-wide financial and strategic goals and to emphasize further long-term performance of Euronet, the Committee has adopted, and Stockholders have approved, the Executive Annual Incentive Plan for certain members of senior and executive management, including the named executive officers. Under this plan, a portion of the executive officers' compensation is based on the achievement of goals defined by the Committee upon consultation with management and our Consultant.

The stated goal for the performance-based program under this plan is to increase the annual Adjusted EPS. Management believes, and the Committee concurs, that a current focus on Adjusted EPS improvement is an important component in delivering Stockholder value. The specific goals under this program are discussed in more detail in the section entitled "Annual Bonus" below.

### **Peer Group**

The Committee believes that it is essential for our continued success that overall compensation policies allow us to be competitive in attracting and retaining executive talent. However, the Committee does not establish compensation targets solely based on peer group compensation amounts, because it believes that individual and company performance should be the primary determinants of annual comp