

DISH Network CORP
Form 10-Q
May 03, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2019.

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____ .

Commission File Number: 0-26176

DISH Network Corporation

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(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

88-0336997
(I.R.S. Employer Identification No.)

9601 South Meridian Boulevard
Englewood, Colorado
(Address of principal executive offices)

80112
(Zip code)

(303) 723-1000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.01 par value	DISH	The Nasdaq Stock Market L.L.C.

Securities registered pursuant to Section 12(g) of the Act: None

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

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filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of April 26, 2019, the registrant’s outstanding common stock consisted of 230,732,103 shares of Class A common stock and 238,435,208 shares of Class B common stock.

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PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words “DISH Network,” the “Company,” “we,” “our” and “us” refer to DISH Network Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation and its subsidiaries, and “DISH DBS” refers to DISH DBS Corporation, a wholly-owned, indirect subsidiary of DISH Network, and its subsidiaries.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as “future,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “will,” “would,” “could,” or similar terms. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and represent management’s current views and assumptions. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors, including, but not limited to, the following:

Competition and Economic Risks

- As the pay-TV industry has matured and bundled offers combining video, broadband and/or wireless services have become more prevalent and competitive, we face intense and increasing competition from providers of video, broadband and/or wireless services, which may require us to further increase subscriber acquisition and retention spending or accept lower subscriber activations and higher subscriber churn.
- Changing consumer behavior and competition from digital media companies that provide or facilitate the delivery of video content via the Internet may reduce our subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.
- Economic weakness and uncertainty may adversely affect our ability to grow or maintain our business.

Our competitors may be able to leverage their relationships with programmers to reduce their programming costs and/or offer exclusive content that will place them at a competitive advantage to us.

- Our over-the-top (“OTT”) Sling TV Internet-based services face certain risks, including, among others, significant competition.
- If government regulations relating to the Internet change, we may need to alter the manner in which we conduct our Sling TV business, and/or incur greater operating expenses to comply with those regulations.
- Changes in how network operators handle and charge for access to data that travels across their networks could adversely impact our business.
- We face increasing competition from other distributors of unique programming services such as foreign language, sports programming and original content that may limit our ability to maintain subscribers that desire these unique programming services.

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Operational and Service Delivery Risks

- If our operational performance and customer satisfaction were to deteriorate, our subscriber activations and our subscriber churn rate may be negatively impacted, which could in turn adversely affect our revenue.
- If our subscriber activations continue to decrease, or if our subscriber churn rate, subscriber acquisition costs or retention costs increase, our financial performance will be adversely affected.
- Programming expenses are increasing and may adversely affect our future financial condition and results of operations.
- We depend on others to provide the programming that we offer to our subscribers and, if we fail to obtain or lose access to certain programming, our subscriber activations and our subscriber churn rate may be negatively impacted.
- We may not be able to obtain necessary retransmission consent agreements at acceptable rates, or at all, from local network stations.
- We may be required to make substantial additional investments to maintain competitive programming offerings.
- Any failure or inadequacy of our information technology infrastructure and communications systems or those of third parties that we use in our operations, including, without limitation, those caused by cyber-attacks or other malicious activities, could disrupt or harm our business.
- We currently depend on EchoStar to provide the vast majority of our satellite transponder capacity and other related services to us. Our business would be adversely affected if EchoStar ceases to provide these services to us and we are unable to obtain suitable replacement services from third parties.
- Technology in the pay-TV industry changes rapidly, and our success may depend in part on our timely introduction and implementation of, and effective investment in, new competitive products and services, and our failure to do so could cause our products and services to become obsolete and could negatively impact our business.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us such as information technology support, billing systems and security access devices, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- We rely on a few suppliers and in some cases a single supplier for many components of our new set-top boxes, and any reduction or interruption in supplies or significant increase in the price of supplies could have a negative impact

on our business.

- Our programming signals are subject to theft, and we are vulnerable to other forms of fraud that could require us to make significant expenditures to remedy.
- We depend on independent third parties to solicit orders for our DISH TV services that represent a meaningful percentage of our total gross new DISH TV subscriber activations.
- We have limited satellite capacity and failures or reduced capacity could adversely affect our DISH TV services.
- Our owned and leased satellites are subject to construction, launch, operational and environmental risks that could limit our ability to utilize these satellites.

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- We generally do not carry commercial launch or in-orbit insurance on any of the satellites that we use, other than certain satellites leased from third parties, and could face significant impairment charges if any of our owned satellites fail.
- We may have potential conflicts of interest with EchoStar due to our common ownership and management.
- We rely on key personnel and the loss of their services may negatively affect our business.

Acquisition and Capital Structure Risks

- We have made substantial investments to acquire certain wireless spectrum licenses and other related assets. In addition, we have made substantial non-controlling investments in the Northstar Entities and the SNR Entities related to AWS-3 wireless spectrum licenses.
- We face certain risks related to our non-controlling investments in the Northstar Entities and the SNR Entities, which may have a material adverse effect on our business, results of operations and financial condition.
- To the extent that we commercialize our wireless spectrum licenses, we will face certain risks entering and competing in the wireless services industry and operating a wireless services business.
- Our wireless spectrum licenses are subject to certain interim and final build-out requirements, as well as certain renewal requirements. The failure to meet such build-out and/or renewal requirements may have a material adverse effect on our business, results of operations and financial condition.
- We rely on highly skilled personnel for our wireless business, including without limitation our ability to meet build-out requirements, and if we are unable to hire and retain key personnel or hire qualified personnel then our wireless business may be adversely affected.
- We may pursue acquisitions and other strategic transactions to complement or expand our business that may not be successful, and we may lose up to the entire value of our investment in these acquisitions and transactions.
- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.
- We have substantial debt outstanding and may incur additional debt.

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- The conditional conversion features of our 3 3/8% Convertible Notes due 2026 (the “Convertible Notes due 2026”) and our 2 3/8% Convertible Notes due 2024 (the “Convertible Notes due 2024,” and collectively with the Convertible Notes due 2026, the “Convertible Notes”), if triggered, may adversely affect our financial condition.
- The convertible note hedge and warrant transactions that we entered into in connection with the offering of the Convertible Notes due 2026 may affect the value of the Convertible Notes due 2026 and our Class A common stock.
- We are subject to counterparty risk with respect to the convertible note hedge transactions.
- From time to time a portion of our investment portfolio may be invested in securities that have limited liquidity and may not be immediately accessible to support our financing needs, including investments in public companies that are highly speculative and have experienced and continue to experience volatility.
- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our ownership structure.

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- We are controlled by one principal stockholder who is also our Chairman.

Legal and Regulatory Risks

- The rulings in the Telemarketing litigation requiring us to pay up to an aggregate amount of \$341 million and imposing certain injunctive relief against us, if upheld, would have a material adverse effect on our cash, cash equivalents and marketable investment securities balances and our business operations.
- Our business may be materially affected by the Tax Cuts and Jobs Act of 2017 (the “Tax Reform Act”). Negative or unexpected tax consequences could adversely affect our business, financial condition and results of operations.
- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.
- We are, and may become, party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- Our ability to distribute video content via the Internet, including our Sling TV services, involves regulatory risk.
- Changes in the Cable Act of 1992 (“Cable Act”), and/or the rules of the Federal Communications Commission (“FCC”) that implement the Cable Act, may limit our ability to access programming from cable-affiliated programmers at nondiscriminatory rates.
- The injunction against our retransmission of distant networks, which is currently waived, may be reinstated.
- We are subject to significant regulatory oversight, and changes in applicable regulatory requirements, including any adoption or modification of laws or regulations relating to the Internet, could adversely affect our business.
- Our DISH TV services depend on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- We are subject to digital high-definition (“HD”) “carry-one, carry-all” requirements that cause capacity constraints.
-

Our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective.

- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission (“SEC”).

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption “Risk Factors” in Part I, Item 1A of our most recent Annual Report on Form 10-K (the “10-K”) filed with the SEC, those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” herein and in the 10-K and those discussed in other documents we file with the SEC. All cautionary statements made or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

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Item 1. FINANCIAL STATEMENTS

DISH NETWORK CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts)

(Unaudited)

	As of						
Total other expense	15,585	12,654	16,430	17,768	18,181	11,893	9,561
Income before income taxes	131,134	92,192	129,615	134,687	87,583	59,934	49,416
Provision for income taxes	40,752	28,088	40,563	37,405	25,998	21,957	18,748
Net income	\$ 90,382	\$ 64,104	\$ 89,052	\$ 97,282	\$ 61,585	\$ 37,977	\$ 30,668

**Pro forma earnings per share
(unaudited)(2):**

Earnings per share, basic	\$.89	\$.78	\$ 1.10	\$ 1.36	\$.87	\$.58	\$.46
Earnings per share, diluted	.93	.82	1.13	1.35	.86	.57	.44
Weighted average shares outstanding, basic	77,600	74,548	75,253	68,108	67,271	61,892	65,812
Weighted average shares outstanding, diluted	82,045	77,978	78,854	71,913	71,720	66,660	69,852

Balance sheet data (at end of period)

Cash and cash equivalents	\$ 110,773	\$ 69,019	\$ 84,701	\$ 70,355	\$ 68,864	\$ 18,191	\$
Restricted cash (3)	65,927	73,485	67,979	71,222	76,797	64,016	
Total assets	1,503,527	1,201,655	1,209,545	929,062	875,106	657,925	266,359
Total debt	501,326	360,250	351,551	370,747	341,851	255,032	127,543
Total stockholders' equity	571,929	445,005	474,049	273,264	192,009	158,482	58,179

Other financial information (unaudited):

EBITDA(4)	\$ 172,724(5)	\$ 125,450	\$ 175,346	\$ 182,183	\$ 127,611	\$ 84,359	\$ 64,428
Adjusted EBITDA(4)	172,724(5)	129,506	180,646	197,983	143,811	97,494	71,411
Adjusted net income(4)	103,566	74,807	103,938	112,732	71,139	42,756	33,127

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- (1) In June 2009, the Financial Accounting Standards Board, or FASB, issued authoritative guidance limiting the circumstances in which a financial asset may be derecognized when the transferor has not transferred the entire financial asset or has continuing involvement with the transferred asset. This guidance was effective for us as of January 1, 2010. As a result of the adoption of such guidance, effective January 1, 2010, our statements of income will no longer include securitization activities in revenue. Rather, we will report interest income, provision for bad debts and interest expense associated with the debt securities issued from our securitization facility.
- (2) Pro forma to give effect to (1) the conversion of all outstanding shares of our convertible preferred stock into 43,575,148 shares of our common stock immediately prior to the closing of this offering as though the conversion had occurred at the beginning of the indicated fiscal period, (2) the forgiveness of all cumulative dividends on our convertible preferred stock, except for a portion of the dividends related to the Series D-3 convertible preferred stock where holders will receive cash dividends of approximately \$7.3 million calculated as of September 30, 2010, (3) a two and one-half-for-one stock split of shares of our common stock effected on November 29, 2010 and (4) compensation expense of approximately \$14.1 million related to 1,631,805 shares of restricted stock which will vest upon the closing of this offering (assuming the price to the public is at the midpoint of the estimated price range set forth on the cover page of this prospectus).
- (3) Restricted cash represents customer deposits repayable on demand.
- (4) EBITDA is calculated as net income before the provision for income taxes, interest expense, net and depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted for the incremental interest expense attributable to our securitization facility. Adjusted net income is calculated as net income, adjusted to eliminate (a) stock-based compensation expense related to share-based compensation awards, (b) amortization of deferred financing costs and intangible assets and (c) amortization of the premium recognized on the purchase of receivables. We prepare adjusted net income to eliminate the effect of items that we do not consider indicative of our core operating performance. EBITDA, adjusted EBITDA and adjusted net income are supplemental measures of operating performance that do not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by U.S. generally accepted accounting principles, or U.S. GAAP, and our calculation thereof may not be comparable to that reported by other companies. EBITDA, Adjusted EBITDA and adjusted net income have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations are:

EBITDA, adjusted EBITDA and adjusted net income do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA, adjusted EBITDA and adjusted net income do not reflect changes in, or cash requirements for, our working capital needs;

adjusted net income does not reflect the non-cash component of employee compensation;

EBITDA and adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and adjusted EBITDA do not reflect any cash requirements for such replacements.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using EBITDA, adjusted EBITDA and adjusted net income only supplementally. We also compensate for these limitations by disclosing such limitations and reconciling EBITDA, adjusted EBITDA and adjusted net income to the most directly comparable U.S. GAAP measure, net income. Further, we also review U.S. GAAP measures and evaluate individual measures that are not included in EBITDA, adjusted EBITDA and adjusted net income. We believe that our presentation of these U.S. GAAP and non-GAAP financial measurements provides information that is useful to analysts and investors because they are important indicators of the strength of our operations and the performance of our core business. We believe it is useful to exclude stock-based compensation expense from adjusted net income because non-cash equity grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time and stock-based compensation expense is not a key measure of our core operating performance. We also believe that amortization expenses can vary substantially from company to company and from period to period depending upon their financing and accounting methods, the fair value and average expected life of their acquired intangible assets, their capital structures and the

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method by which their assets were acquired; therefore, we have excluded amortization expense from our adjusted net income.

Management uses EBITDA, adjusted EBITDA and adjusted net income:

as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis;

for planning purposes, including the preparation of our internal annual operating budget;

to allocate resources to enhance the financial performance of our business; and

to evaluate the performance and effectiveness of our operational strategies.

In addition, management uses EBITDA and adjusted EBITDA to calculate incentive compensation for our employees.

We believe these measurements are used by investors as supplemental measures to evaluate the overall operating performance of companies in our industry. By providing these non-GAAP financial measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives.

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The following table reconciles net income to EBITDA and adjusted EBITDA:

(in thousands)	Nine Months ended September 30,		2009	2008	Year ended December 31,		
	2010	2009			2007	2006	2005
Net income	\$ 90,382	\$ 64,104	\$ 89,052	\$ 97,282	\$ 61,585	\$ 37,977	\$ 30,668
Provision for income taxes	40,752	28,088	40,563	37,405	25,998	21,957	18,748
Interest expense, net	16,352	13,023	17,363	20,256	19,735	11,854	7,564
Depreciation and amortization	25,238	20,235	28,368	27,240	20,293	12,571	7,448
EBITDA	172,724(5)	125,450	175,346	182,183	127,611	84,359	64,428
Incremental interest expense(a)	N/A(5)	4,056	5,300	15,800	16,200	13,135	6,983
Adjusted EBITDA(a)	\$ 172,724(5)	\$ 129,506	\$ 180,646	\$ 197,983	\$ 143,811	\$ 97,494	\$ 71,411

- (a) We utilize an off-balance sheet securitization facility in the ordinary course of our business to finance a portion of our accounts receivable. Accounts receivable that we sell under the securitization facility are reported in our consolidated financial statements in accordance with relevant authoritative literature. Trade accounts receivable sold under this program are excluded from accounts receivable in our consolidated financial statements. In June 2009, the Financial Accounting Standards Board, or FASB, issued authoritative guidance limiting the circumstances in which a financial asset may be derecognized when the transferor has not transferred the entire financial asset or has continuing involvement with the transferred asset. This guidance was effective for us as of January 1, 2010. As a result of the adoption of such guidance, effective January 1, 2010, our statements of income no longer include securitization activities in revenue. Rather, we report interest income, provision for bad debts and interest expense associated with the debt securities issued from our securitization facility. Although the provision for bad debts and interest expense related to our securitization facility are currently reported in revenue, we monitor these costs on a managed basis. Our revenue, processing expense, provision for bad debts and interest expense on a managed basis are set forth and reconciled under Management's Discussion and Analysis of Financial Condition and Results of Operations Accounts Receivable Securitization. The incremental interest expense represents the additional amount of interest expense that would have been reported if the new authoritative guidance discussed herein was applied to all years presented.

The following table reconciles net income to adjusted net income:

(in thousands)	Twelve Months ended	Nine Months ended		2009	2008	Year ended December 31,		
	September 30, 2010	2010	September 30, 2009			2007	2006	2005
Net income	\$115,330	\$ 90,382	\$ 64,104	\$ 89,052	\$ 97,282	\$ 61,585	\$ 37,977	\$ 30,668
Stock-based compensation expense	3,120	2,453	1,999	2,666	2,758	1,165	139	93
Amortization of intangible assets	16,867	12,749	9,782	13,900	12,038	9,825	4,978	2,060
Amortization of premium on receivables	3,262	2,447	2,442	3,257	5,471	1,702	1,443	581
Amortization of deferred financing costs	2,153	1,480	1,169	1,842	1,123	895	982	1,229
Total pre-tax adjustments	25,402	19,129	15,392	21,665	21,390	13,587	7,542	3,963
Income tax impact of pre-tax adjustments at the effective tax rate	(7,856)	(5,945)	(4,689)	(6,779)	(5,940)	(4,033)	(2,763)	(1,504)
Adjusted net income	\$132,876	\$ 103,566	\$ 74,807	\$ 103,938	\$ 112,732	\$ 71,139	\$ 42,756	\$ 33,127

In addition, adjusted net income (loss) was \$24,579, \$11,734, \$(12,492) and \$(1,455) for the years ended December 31, 2004, 2003, 2002 and 2001, respectively. The following table reconciles net income to adjusted net income (loss) for these periods.

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(in thousands)	Year ended December 31,			
	2004	2003	2002	2001
Net income (loss)	\$ 22,708	\$ 10,806	\$ (18,956)	\$ (3,680)
Stock based compensation expense	244	523		
Amortization of goodwill and intangible assets	376	178		990
Goodwill impairment			4,305	
Amortization of discount on related-party notes	119		1,664	732
Amorization of deferred financing costs	1,132	238	513	503
Total pre-tax adjustments	1,871	939	6,482	2,225
Income tax impact of pre-tax adjustments at the effective tax rate		(11)	(18)	
Adjusted net income (loss)	\$ 24,579	\$ 11,734	\$ (12,492)	\$ (1,455)

- (5) For periods ended subsequent to January 1, 2010 interest expense, net includes incremental interest expense attributable to our securitization facility. Had we continued to include the incremental interest expense attributable to the securitization facility of \$3.7 million within revenue for the nine months ended September 30, 2010, EBITDA would have been \$169.0 million.

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Risk factors

*This offering involves a high degree of risk. In addition to the other information contained in this prospectus, prospective investors should carefully consider the following risks before investing in our common stock. If any of the following risks actually occur, our business, operating results and financial condition could be materially adversely affected. As a result, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See *Special note regarding forward-looking statements* in this prospectus.*

Risks related to our business

A decline in retail fuel prices could adversely affect our revenue and operating results.

Our fleet customers use our products and services primarily in connection with the purchase of fuel. Accordingly, our revenue is affected by fuel prices, which are subject to significant volatility. A decline in retail fuel prices could cause a decrease in our revenue from fees paid to us by merchants based on a percentage of each transaction purchase amount. We believe that in 2009, approximately 19.1% of our consolidated revenue, as adjusted for the impact of the new accounting guidance related to our securitization facility as described under the heading

Management's discussion and analysis of financial condition and results of operations Accounts receivable securitization, was directly influenced by the absolute price of fuel. In this prospectus, for the periods between January 1, 2005 and December 31, 2009, we refer to our consolidated revenue as adjusted for the impact of the new accounting guidance related to our securitization facility as our consolidated revenue on a managed basis. For the periods prior to January 1, 2005, we did not maintain a securitization facility. Changes in the absolute price of fuel may also impact unpaid account balances and the late fees and charges based on these amounts. A decline in retail fuel prices could adversely affect our revenue and operating results.

Fuel prices are dependent on several factors, all of which are beyond our control. These factors include, among others:

supply and demand for oil and gas, and market expectations regarding supply and demand;

actions by members of OPEC and other major oil-producing nations;

political conditions in oil-producing and gas-producing nations, including insurgency, terrorism or war;

oil refinery capacity;

weather;

the prices of foreign exports;

the implementation of fuel efficiency standards and the adoption by our fleet customers of vehicles with greater fuel efficiency or alternative fuel sources;

general worldwide economic conditions; and

governmental regulations, taxes and tariffs.

A portion of our revenue is derived from fuel-price spreads. As a result, a contraction in fuel-price spreads could adversely affect our operating results.

Approximately 18.6% of our consolidated revenue on a managed basis in 2009 was derived from transactions where our revenue is tied to fuel-price spreads. Fuel-price spreads equal the difference between the fuel price we charge to the fleet customer and the fuel price paid to the fuel merchant. In transactions where we derive revenue

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from fuel-price spreads, the fuel price paid to the fuel merchant is calculated as the merchant's wholesale cost of fuel plus a commission. The merchant's wholesale cost of fuel is dependent on several factors including, among others, the factors described above affecting fuel prices. The fuel price that we charge to our fleet customer is dependent on several factors including, among others, the fuel price paid to the fuel merchant, posted retail fuel prices and competitive fuel prices. We experience fuel-price spread contraction when the merchant's wholesale cost of fuel increases at a faster rate than the fuel price we charge to our fleet customers, or the fuel price we charge to our fleet customers decreases at a faster rate than the merchant's wholesale cost of fuel. Accordingly, when fuel-price spreads contract, we generate less revenue, which could adversely affect our operating results.

If we fail to adequately assess and monitor credit risks of our customers, we could experience an increase in credit loss.

We are subject to the credit risk of our customers, many of which are small to mid-sized businesses. We use various methods to screen potential customers and establish appropriate credit limits, but these methods cannot eliminate all potential credit risks and may not always prevent us from approving customer applications that are fraudulently completed. Changes in our industry and movement in fuel prices may result in periodic increases to customer credit limits and spending and, as a result, increased credit losses. We may also fail to detect changes to the credit risk of customers over time. Further, during a declining economic environment, we experience increased customer defaults. If we fail to adequately manage our credit risks, our bad debt expense could be significantly higher than historic levels and adversely affect our business, operating results and financial condition. Although the provision for bad debts and interest expense related to our securitization facility were included as a component of net revenue for the periods prior to January 1, 2010 in accordance with then-prevailing accounting guidance, we considered such amounts an expense for the periods prior to January 1, 2010. Accordingly, for internal reporting purposes, we included such amount as a component of operating expense, which we refer to as on a managed basis. As further described under the heading Management's discussion and analysis of financial condition and results of operations Accounts receivable securitization, on a managed basis, our provision for bad debts equaled \$32.6 million for the year ended December 31, 2009. For the nine months ended September 30, 2010, our provision for bad debts equaled \$15.1 million.

We derive a portion of our revenue from program fees and charges paid by the users of our cards. Any decrease in our receipt of such fees and charges, or limitations on our fees and charges, could adversely affect our business, results of operations and financial condition.

Our card programs include a variety of fees and charges associated with transactions, cards, reports, late payments and optional services. We derived approximately 54.0% of our consolidated revenue on a managed basis from these fees and charges during the year ended December 31, 2009 and approximately 55.0% of our consolidated revenue from these fees and charges during the nine months ended September 30, 2010. If the users of our cards decrease their transaction activity, the extent to which they pay invoices late or their use of optional services, our revenue could be materially adversely affected. In addition, several market factors can affect the amount of our fees and charges, including the market for similar charges for competitive card products and the availability of alternative payment methods such as cash or house accounts. Furthermore, regulators and Congress have scrutinized the electronic payments industry's pricing, charges and other practices related to its customers. Any legislative or regulatory restrictions on our ability to price our products and services could materially and adversely affect our revenue. Any decrease in our revenue derived from these fees and charges could materially and adversely affect our business, operating results and financial condition.

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We operate in a competitive business environment, and if we are unable to compete effectively, our business, operating results and financial condition would be adversely affected.

The market for our products and services is highly competitive, and competition could intensify in the future. Our competitors vary in size and in the scope and breadth of the products and services they offer. Our primary competitors in the United States are small, regional and large independent fleet card providers, major oil companies and petroleum marketers that issue their own fleet cards and major financial services companies that provide card services to major oil companies and petroleum marketers. We also compete for customers with providers of alternative payment mechanisms, such as financial institutions that issue corporate and consumer credit cards and merchants offering house cash accounts or other forms of credit. Our primary competitors in Europe are independent fleet card providers, major oil companies and petroleum marketers that issue branded fleet cards, and providers of card outsourcing services to major oil companies and petroleum marketers.

The most significant competitive factors in our business are the breadth of product and service features, network acceptance size, customer service and account management and price. We may experience competitive disadvantages with respect to any of these factors from time to time as potential customers prioritize or value these competitive factors differently. As a result, a specific offering of our products and service features, networks and pricing may serve as a competitive advantage with respect to one customer and a disadvantage for another based on the customers preferences.

Some of our existing and potential competitors have longer operating histories, greater brand name recognition, larger customer bases, more extensive customer relationships or greater financial and technical resources. In addition, our larger competitors may also have greater resources than we do to devote to the promotion and sale of their products and services and to pursue acquisitions. For example, major oil companies and petroleum marketers and large financial institutions may choose to integrate fuel-card services as a complement to their existing card products and services. As a result, they may be able to adapt more quickly to new or emerging technologies and changing opportunities, standards or customer requirements. To the extent that our competitors are regarded as leaders in specific categories, they may have an advantage over us as we attempt to further penetrate these categories.

Future mergers or consolidations among competitors, or acquisitions of our competitors by large companies may present competitive challenges to our business. Resulting combined entities could be at a competitive advantage if their fuel-card products and services are effectively integrated and bundled into sales packages with their widely utilized non-fuel-card-related products and services. Further, larger competitors have reduced, and could continue to reduce, the fees for their services, which has increased and may continue to increase pricing pressure within our markets.

Overall, increased competition in our markets could result in intensified pricing pressure, reduced profit margins, increased sales and marketing expenses and a failure to increase, or a loss of, market share. We may not be able to maintain or improve our competitive position against our current or future competitors, which could adversely affect our business, operating results and financial condition.

Our business is dependent on several key strategic relationships, the loss of which could adversely affect our operating results.

We intend to seek to expand our strategic relationships with major oil companies. We refer to the major oil companies and petroleum marketers with whom we have strategic relationships as our partners. During 2009 and the nine months ended September 30, 2010, our top three strategic relationships with major oil companies accounted for approximately 18% and 22%, respectively, of our consolidated revenue. No single partner represented more than 10% of our consolidated revenue in 2009. In the nine months ended September 30, 2010, one partner accounted for approximately 11% of our consolidated revenue. Two of our partners each represented

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greater than 5% of our consolidated revenue during 2009. Our agreements with our major oil company partners typically have initial terms of five to ten years with current remaining terms ranging from less than one year up to seven years.

The success of our business is in part dependent on our ability to maintain these strategic relationships and enter into additional strategic relationships with major oil companies. In our relationships with these major oil companies, our services are marketed under our partners' brands. If these partners fail to maintain their brands, or decrease the size of their branded networks, our ability to grow our business may be adversely affected. Our inability to maintain or further develop these relationships or add additional strategic relationships could materially and adversely affect our business and operating results.

To enter into a new strategic relationship or renew an existing strategic relationship with a major oil company, we often must participate in a competitive bidding process, which may focus on a limited number of factors, such as pricing. The use of these processes may affect our ability to effectively compete for these relationships. Our competitors may be willing to bid for these contracts on pricing or other terms that we consider uneconomical in order to win this business. The loss of our existing major oil company partners or the failure to contract with additional partners could materially and adversely affect our business, operating results and financial condition.

We depend, in part, on our merchant relationships to grow our business. To grow our customer base, we must retain and add relationships with merchants who are located in areas where our customers purchase fuel and lodging. If we are unable to maintain and expand these relationships, our business may be adversely affected.

A portion of our growth is derived from acquiring new merchant relationships to serve our customers, our new and enhanced product and service offerings and cross-selling our products and services through existing merchant relationships. We rely on the continuing growth of our merchant relationships and our distribution channels in order to expand our customer base. There can be no guarantee that this growth will continue. Similarly, our growth also will depend on our ability to retain and maintain existing merchant relationships that accept our proprietary closed-loop networks in areas where our customers purchase fuel and lodging. Our contractual agreements with fuel merchants typically have initial terms of one year and automatically renew on a year-to-year basis unless either party gives notice of termination. Our agreements with lodging providers typically have initial terms of one year and automatically renew on a month-to-month basis unless either party gives notice of termination. Furthermore, merchants with which we have relationships may experience bankruptcy, financial distress, or otherwise be forced to contract their operations. The loss of existing merchant relationships, the contraction of our existing merchants' operations or the inability to acquire new merchant relationships could adversely affect our ability to serve our customers and our business and operating results.

A decline in general economic conditions, and in particular, a decline in demand for fuel and other vehicle products and services would adversely affect our business, operating results and financial condition.

Our operating results are materially affected by conditions in the economy generally, both in the United States and internationally. We generate revenue based in part on the volume of fuel purchase transactions we process. Our transaction volume is correlated with general economic conditions in the United States and Europe and in particular, the amount of business activity in these economies. Downturns in these economies are generally characterized by reduced commercial activity and, consequently, reduced purchasing of fuel and other vehicle products and services by businesses. The recession in 2007 and 2008 negatively affected the organic growth of our business in 2009, which resulted from lower transaction volume from existing customers. Unfavorable changes in economic conditions, including declining consumer confidence, inflation, recession or other changes, may lead our customers, which are largely comprised of commercial fleets, to demand less fuel, or lead our partners to reduce their use of our products and services. These declines could result from, among other things, reduced fleet traffic, corporate purchasing, travel and other commercial activities from which we derive revenue.

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Further, economic conditions also may impact the ability of our customers or partners to pay for fuel or other services they have purchased and, as a result, our reserve for credit losses and write-offs of accounts receivable could increase. In addition, demand for fuel and other vehicle products and services may be reduced by other factors that are beyond our control, such as the development and use of vehicles with greater fuel efficiency and alternative fuel sources.

We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions in the United States and Europe. As a result, a sustained deterioration in general economic conditions in the United States or Europe, or increases in interest rates in key countries in which we operate, could adversely affect our business and operating results.

We have expanded into new lines of business in the past and may do so in the future. If we are unable to successfully integrate these new businesses, our results of operations and financial condition may be adversely affected.

We have expanded our business to encompass new lines of business in the past. For example, within the past several years we have entered into the lodging card business in the United States and now offer a limited telematics service to European customers. We may continue to enter new lines of business and offer new products and services in the future. There is no guarantee that we will be successful in integrating these new lines of business into our operations. If we are unable to do so, our operating results and financial condition may be adversely affected.

If we fail to develop and implement new technology, products and services, adapt our products and services to changes in technology or the marketplace, or if our ongoing efforts to upgrade our technology, products and services are not successful, we could lose customers and partners.

The markets for our products and services are highly competitive, and characterized by technological change, frequent introduction of new products and services and evolving industry standards. We must respond to the technological advances offered by our competitors and the requirements of our customers and partners, in order to maintain and improve upon our competitive position. We may be unsuccessful in expanding our technological capabilities and developing, marketing or selling new products and services that meet these changing demands, which could jeopardize our competitive position. In addition, we engage in significant efforts to upgrade our products and services and the technology that supports these activities on a regular basis. If we are unsuccessful in completing the migration of material technology, otherwise upgrading our products and services and supporting technology or completing or gaining market acceptance of new technology, products and services, it would have a material adverse effect on our ability to retain existing customers and attract new ones in the impacted business line.

Our debt obligations, or our incurrence of additional debt obligations, could limit our flexibility in managing our business and could materially and adversely effect our financial performance.

As of September 30, 2010, we had approximately \$323.5 million of long-term indebtedness outstanding. In addition, we are permitted under our credit agreement to incur additional indebtedness, subject to specified limitations. Our substantial indebtedness currently outstanding, or as may be outstanding if we incur additional indebtedness, could have important consequences, including the following:

we may have difficulty satisfying our obligations under our debt facilities and, if we fail to satisfy these obligations, an event of default could result;

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we may be required to dedicate a substantial portion of our cash flow from operations to required payments on our indebtedness, thereby reducing the availability of cash flow for acquisitions, working capital, capital expenditures and other general corporate activities. See

Management's discussion and analysis of financial condition and results of operations Contractual obligations, which sets forth our payment obligations with respect to our existing long-term debt;

covenants relating to our debt may limit our ability to enter into certain contracts or to obtain additional financing for acquisitions, working capital, capital expenditures and other general corporate activities;

covenants relating to our debt may limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, including by restricting our ability to make strategic acquisitions;

we may be more vulnerable than our competitors to the impact of economic downturns and adverse developments in the industry in which we operate;

we are exposed to the risk of increased interest rates because certain of our borrowings are subject to variable rates of interest;

although we have no current intention to pay any dividends, we may be unable to pay dividends or make other distributions with respect to your investment; and

we may be placed at a competitive disadvantage against any less leveraged competitors.

The occurrence of one or more of these potential consequences could have a material adverse effect on our business, financial condition, operating results, and ability to satisfy our obligations under our indebtedness.

In addition, we and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although our credit agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of additional indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our existing debt levels, the related risks that we will face would increase.

We meet a significant portion of our working capital needs through a securitization facility, which we must renew on an annual basis.

We meet a significant portion of our working capital needs through a securitization facility, pursuant to which we sell accounts receivable to a special-purpose entity that in turn sells undivided participation interests in the accounts receivable to certain purchasers, who finance their purchases through the issuance of short-term commercial paper. The securitization facility has a one year term. During the financial crisis that began in 2008, the market for commercial paper experienced significant volatility. Although we have been able to renew our securitization facility annually, there can be no assurance that we will continue to be able to renew this facility in the future on terms acceptable to us.

A significant rise in fuel prices could cause our accounts receivable to increase beyond the capacity of the securitization facility. There can be no assurance that the size of the facility can be expanded to meet these increased working capital needs. Further, we may not be able to fund such increases in accounts receivable with our available cash resources. Our inability to meet working capital needs could adversely affect our financial condition and business, including our relationships with merchants, customers and partners. Further, we are exposed to the risk of increased interest rates because our borrowings under the securitization facility are subject to variable rates of interest.

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We are subject to risks related to volatility in foreign currency exchange rates, and restrictions on our ability to utilize revenue generated in foreign currencies.

As a result of our foreign operations, we are subject to risks related to changes in currency rates for revenue generated in currencies other than the U.S. dollar. For the year ended December 31, 2009 and the nine months ended September 30, 2010, approximately 36.0% and 33.0% of our revenue, respectively, was denominated in currencies other than the U.S. dollar (primarily Czech koruna and British pound). Revenue and profit generated by international operations may increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. Resulting exchange gains and losses are included in our net income. Volatility in foreign currency exchange rates may materially adversely affect our operating results and financial condition.

Furthermore, we are subject to exchange control regulations that restrict or prohibit the conversion of more than a specified amount of our foreign currencies into U.S. dollars, and, as we expand, we may become subject to further exchange control regulations that limit our ability to freely utilize and transfer currency in and out of particular jurisdictions. These restrictions may make it more difficult to effectively utilize the cash generated by our operations and may adversely effect our financial condition.

We conduct a significant portion of our business in foreign countries and we expect to expand our operations into additional foreign countries where we may be adversely affected by operational and political risks that are greater than in the United States.

We have foreign operations in, or provide services in, Belarus, Belgium, Canada, the Czech Republic, Estonia, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Pakistan, Poland, the Russian Federation, Slovakia, South Africa, Ukraine and the United Kingdom. We also expect to seek to expand our operations into various countries in Asia, Europe and Latin America as part of our growth strategy.

Some of the countries where we operate, and other countries where we will seek to operate, have undergone significant political, economic and social change in recent years, and the risk of unforeseen changes in these countries may be greater than in the United States. In particular, changes in laws or regulations, including with respect to taxation, information technology, data transmission and the Internet, or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, could materially adversely affect our business, operating results and financial condition. In addition, conducting and expanding our international operations subjects us to other risks that we do not generally face in the United States. These include:

difficulties in managing the staffing of our international operations, including hiring and retaining qualified employees;

increased expense related to localization of our products and services, including language translation and the creation of localized agreements;

potentially adverse tax consequences, including the complexities of foreign value added tax systems, restrictions on the repatriation of earnings and changes in tax rates;

increased expense to comply with foreign laws and legal standards, including laws that regulate pricing and promotion activities and the import and export of information technology, which can be difficult to monitor and are often subject to change;

increased expense to comply with U.S. laws that apply to foreign operations, including the Foreign Corrupt Practices Act and Office of Foreign Assets Control regulations;

longer accounts receivable payment cycles and difficulties in collecting accounts receivable;

increased financial accounting and reporting burdens and complexities;

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political, social and economic instability;

terrorist attacks and security concerns in general; and

reduced or varied protection for intellectual property rights and cultural norms in some geographies that are simply not respectful of intellectual property rights.

The occurrence of one or more of these events could negatively affect our international operations and, consequently, our operating results. Further, operating in international markets requires significant management attention and financial resources. Due to the additional uncertainties and risks of doing business in foreign jurisdictions, international acquisitions tend to entail risks and require additional oversight and management attention that are typically not attendant to acquisitions made within the United States. We cannot be certain that the investment and additional resources required to establish, acquire or integrate operations in other countries will produce desired levels of revenue or profitability.

We are dependent on technology systems and electronic communications networks managed by third parties, which could result in our inability to prevent disruptions in our services.

Our ability to process and authorize transactions electronically depends on our ability to communicate with our fuel, lodging and vehicle maintenance providers electronically through point-of-sale devices and electronic networks that are owned and operated by third parties. In addition, in order to process transactions promptly, our computer equipment and network servers must be functional 24 hours a day, which requires access to telecommunications facilities managed by third-parties and the availability of electricity, which we do not control. A severe disruption of one or more of these networks, including as a result of utility or third-party system interruptions, could impair our ability to authorize transactions and process information, which could harm our reputation, result in a loss of customers or partners and adversely affect our business and operating results.

We also utilize third-party providers to assist us with disaster recovery operations. As a result, we are subject to the risk of a provider's unresponsiveness in the event of a significant breakdown in our computer equipment or networks. Furthermore, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

We may experience software defects, system errors, computer viruses and development delays, which could damage customer relations, decrease our profitability and expose us to liability.

Our products and services are based on proprietary and third-party network technology and processing systems that may encounter development delays and could be susceptible to undetected errors, viruses or defects. Development delays, system errors, viruses or defects that result in service interruption or data loss could have a material adverse effect on our business, damage our reputation and subject us to third-party liability. In addition, errors, viruses and defects in our network technology and processing systems could result in additional development costs and the diversion of our technical and other resources from other development efforts or operations. Further, our attempts to limit our potential liability, through disclaimers and limitation-of-liability provisions in our agreements, may not be successful.

We may incur substantial losses due to fraudulent use of our fleet cards.

Under certain circumstances, when we fund customer transactions, we may bear the risk of substantial losses due to fraudulent use of our fleet cards. We do not maintain any insurance to protect us against any such losses.

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We may not be able to adequately protect the data we collect about our customers and partners, which could subject us to liability and damage our reputation.

We electronically receive, process, store and transmit our customers' and partners' sensitive information, including bank account information and expense data. We keep this information confidential; however, our websites, networks, information systems, services and technologies may be targeted for sabotage, disruption or misappropriation. Unauthorized access to our networks and computer systems could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our service and operations.

Because techniques used to obtain unauthorized access or to sabotage systems change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Although we believe we have sufficient controls in place to prevent disruption and misappropriation and to respond to such attacks, any inability to prevent security breaches could have a negative impact on our reputation, expose us to liability, decrease market acceptance of electronic transactions and cause our present and potential clients to choose another service provider. Any of these developments could have a material adverse effect on our business, operating results and financial condition.

We expect to expand through acquisitions, which may divert our management's attention and result in unexpected operating difficulties, increased costs and dilution to our stockholders. We also may never realize the anticipated benefits of the acquisitions.

We have been an active business acquirer both in the United States and internationally, and, as part of our growth strategy, we expect to seek to acquire businesses, commercial account portfolios, technologies, services and products in the future. We have substantially expanded our overall business, customer base, headcount and operations both domestically and internationally through acquisitions. The acquisition and integration of each business involves a number of risks and may result in unforeseen operating difficulties and expenditures in assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired business. Furthermore, future acquisitions may:

involve our entry into geographic or business markets in which we have little or no prior experience;

involve difficulties in retaining the customers of the acquired business;

result in a delay or reduction of sales for both us and the business we acquire; and

disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business.

In addition, international acquisitions often involve additional or increased risks including, for example:

difficulty managing geographically separated organizations, systems and facilities;

difficulty integrating personnel with diverse business backgrounds and organizational cultures;

increased expense to comply with foreign regulatory requirements applicable to acquisitions;

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difficulty entering new foreign markets due to, among other things, lack of customer acceptance and a lack of business knowledge of these new markets; and

political, social and economic instability.

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To complete a future acquisition, we may determine that it is necessary to use a substantial amount of our cash or engage in equity or debt financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters that make it more difficult for us to obtain additional capital in the future and to pursue other business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all, which could limit our ability to engage in acquisitions. Moreover, we can make no assurances that the anticipated benefits of any acquisition, such as operating improvements or anticipated cost savings, would be realized or that we would not be exposed to unexpected liabilities in connection with any acquisition.

Further, an acquisition may negatively affect our operating results because it may require us to incur charges and substantial debt or other liabilities, may cause adverse tax consequences, substantial depreciation and amortization or deferred compensation charges, may require the amortization, write-down or impairment of amounts related to deferred compensation, goodwill and other intangible assets, or may not generate sufficient financial return to offset acquisition costs.

The market for fleet-card services is evolving and may not continue to develop or grow.

Our fleet-card businesses rely on the acceptance and use of payment cards by businesses to purchase fuel for their vehicle fleets. If the use of fleet cards by businesses does not continue to grow, it could have a material adverse effect on our business, operating results and financial condition. In order to consistently increase and maintain our profitability, businesses and partners must continue to adopt our services. Similarly, growth in the acceptance and use of fleet cards will be impacted by the acceptance and use of electronic payment transactions generally. Furthermore, new technologies may displace fleet cards as payment mechanisms for fuel purchase transactions. A decline in the acceptance and use of fleet cards, and electronic payment transactions generally, by businesses and merchants could have a material adverse effect on our business, operating results and financial condition. The market for our lodging cards is also evolving and that portion of our business is subject to similar risks.

Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our financial results.

Our balance sheet includes goodwill and intangible assets that represent approximately 52% of our total assets at September 30, 2010. These assets consist primarily of goodwill and identified intangible assets associated with our acquisitions. We also expect to engage in additional acquisitions, which may result in our recognition of additional goodwill and intangible assets. Under current accounting standards, we are required to amortize certain intangible assets over the useful life of the asset, while goodwill is not amortized. On at least an annual basis, we assess whether there have been impairments in the carrying value of goodwill and intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could materially negatively affect our operating results and financial condition.

If we are unable to protect our intellectual property rights and confidential information, our competitive position could be harmed and we could be required to incur significant expenses in order to enforce our rights.

To protect our proprietary technology, we rely on copyright, trade secret and other intellectual property laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. Despite

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our precautions, it may be possible for third parties to obtain and use without consent confidential information or infringe on our intellectual property rights, and our ability to police that misappropriation or infringement is uncertain, particularly in countries outside of the United States. In addition, our confidentiality agreements with employees, vendors, customers and other third parties may not effectively prevent disclosure or use of proprietary technology or confidential information and may not provide an adequate remedy in the event of such unauthorized use or disclosure.

Protecting against the unauthorized use of our intellectual property and confidential information is expensive, difficult and not always possible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our confidential information, including trade secrets, or to determine the validity and scope of the proprietary rights of others. This litigation could be costly and divert management resources, either of which could harm our business, operating results and financial condition. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property and proprietary information.

We cannot be certain that the steps we have taken will prevent the unauthorized use or the reverse engineering of our proprietary technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. The enforcement of our intellectual property rights also depends on our legal actions against these infringers being successful, and we cannot be sure these actions will be successful, even when our rights have been infringed. Furthermore, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which we may offer our products and services.

Claims by others that we or our customers infringe their intellectual property rights could harm our business.

Third parties could claim that our technologies and processes underlying our products and services infringe their intellectual property. In addition, to the extent that we gain greater visibility and market exposure as a public company, we may face a higher risk of being the target of intellectual property infringement claims asserted by third parties. We may, in the future, receive notices alleging that we have misappropriated or infringed a third party's intellectual property rights. There may be third-party intellectual property rights, including patents and pending patent applications, that cover significant aspects of our technologies, processes or business methods. Any claims of infringement or misappropriation by a third party, even those without merit, could cause us to incur substantial defense costs and could distract our management from our business, and there can be no assurance that we will be able to prevail against such claims. Some of our competitors may have the capability to dedicate substantially greater resources to enforcing their intellectual property rights and to defending claims that may be brought against them than we do. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages, potentially including treble damages if we are found to have willfully infringed a patent. A judgment could also include an injunction or other court order that could prevent us from offering our products and services. In addition, we might be required to seek a license for the use of a third party's intellectual property, which may not be available on commercially reasonable terms or at all. Alternatively, we might be required to develop non-infringing technology, which could require significant effort and expense and might ultimately not be successful.

Third parties may also assert infringement claims against our customers relating to their use of our technologies or processes. Any of these claims might require us to defend potentially protracted and costly litigation on their behalf, regardless of the merits of these claims, because under certain conditions we agree to indemnify our customers from third-party claims of intellectual property infringement. If any of these claims succeed, we might be forced to pay damages on behalf of our customers, which could adversely affect our business, operating results and financial condition.

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Our success is dependent, in part, upon our executive officers and other key personnel, and the loss of key personnel could materially adversely affect our business.

Our success depends, in part, on our executive officers and other key personnel. Our senior management team has significant industry experience and would be difficult to replace. The market for qualified individuals is competitive, and we may not be able to attract and retain qualified personnel or candidates to replace or succeed members of our senior management team or other key personnel. The loss of key personnel could materially adversely affect our business.

Changes in laws, regulations and enforcement activities may adversely affect our products and services and the markets in which we operate.

The electronic payments industry is subject to increasing regulation in the United States and internationally. Domestic and foreign government regulations impose compliance obligations on us and restrictions on our operating activities, which can be difficult to administer because of their scope, mandates and varied requirements. We are subject to a number of government regulations, including, among others: interest rate and fee restrictions; credit access and disclosure requirements; collection and pricing regulations; compliance obligations; security and data breach requirements; identity theft avoidance programs; and anti-money laundering compliance programs. Government regulations can also include licensing or registration requirements. While a large portion of these regulations focuses on individual consumer protection, legislatures continue to consider whether to include business consumers within the scope of these regulations. As a result, new or expanded regulation focusing on business cardholders or changes in interpretation or enforcement of regulations may have an adverse effect on our business and operating results, due to increased compliance costs and new restrictions affecting the terms under which we offer our products and services. In addition, we have structured our business in accordance with existing tax laws and interpretations, including those related to state occupancy taxes, value added taxes in foreign jurisdictions and restrictions on repatriation of funds or transfers of revenue between jurisdictions. Changes in tax laws or their interpretations could increase our tax liability, further limit our utilization of funds located in foreign jurisdictions and have a material adverse effect on our business and financial condition.

We generate a portion of our revenue from our lodging card business, which is affected by conditions in the hotel industry generally and has a concentration of customers in the railroad and trucking industries.

Revenue from our lodging card business, which we acquired on April 1, 2009, equaled \$37.1 million of our consolidated revenue for the year ended December 31, 2009. Our lodging card business earns revenue from customers purchasing lodging from the hotel industry and derives a significant portion of this revenue from end users in the railroad and trucking industries. Therefore, we are exposed to risks affecting each of these industries. For example, unfavorable economic conditions adversely impacting the hotel, railroad and trucking industries generally could cause a decrease in demand for our products and services in our lodging card business, resulting in decreased revenue. In addition, mergers or consolidations in these industries could reduce our customer and partnership base, resulting in a smaller market for our products and services.

We contract with government entities and are subject to risks related to our governmental contracts.

In the course of our business we contract with government entities, including state and local government fleet customers, as well as federal government agencies. As a result, we are subject to various laws and regulations that apply to companies doing business with federal, state and local governments. The laws relating to government contracts differ from other commercial contracting laws and our government contracts may contain

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pricing terms and conditions that are not common among private contracts. In addition, we may be subject to investigation from time to time concerning our compliance with the laws and regulations relating to our government contracts. Our failure to comply with these laws and regulations may result in suspension of these contracts or administrative or other penalties.

Litigation and regulatory actions could subject us to significant fines, penalties or requirements resulting in increased expenses.

We are not currently party to any legal proceedings or governmental inquiries or investigations that we consider to be material. We are, however, subject to litigation from time to time in the ordinary course of our business, which if ultimately determined unfavorably could force us to pay damages or fines, or change our business practices, any of which could have a material adverse effect on our operating results. In addition, we may become involved in various actions or proceedings brought by domestic and foreign governmental regulatory agencies in the event of alleged noncompliance with laws or regulations, which could potentially subject us to significant fines, penalties or other requirements resulting in increased expenses or restricting the conduct of our business. We are currently involved in such an investigation by the Office of Fair Trading in the United Kingdom, relating to our Keyfuels product line. This product line consists of our proprietary payment card and associated site network in the United Kingdom. A competitor alleged we are dominant in a relevant market with our Keyfuels product line. The Office of Fair Trading is investigating whether we are dominant and, if dominant, whether some of our contracts with some sites and dealers would constitute exclusive dealings requiring them to be reformed to eliminate exclusivity. Although we do not currently anticipate an adverse result or material adverse impact from the investigation, if determined adversely, the regulator has authority to require us to reform contracts to eliminate exclusivity and impose significant fines.

We rely on third parties for card issuing and processing services supporting our MasterCard network fleet card products. Failure to maintain these contractual relationships upon acceptable terms would have an adverse effect on our MasterCard network fleet card offerings, customer retention and operating results.

Some of our fleet-card products in North America are accepted in the MasterCard merchant network pursuant to our contractual relationships with two issuing banks and two third-party processors. In order to continue offering fleet cards accepted at MasterCard network merchants, we must maintain our contractual relationship with at least one issuing bank. Further, unless we develop our own MasterCard-approved processing capabilities, we must continue to obtain processing services from at least one processor approved by MasterCard with the capability to provide acceptable levels of reporting data for fleet operators. Generally, these contracts have remaining terms of between three and five years and automatically renew from year to year unless either party provides notice of termination; however, one of the two issuing banks has provided us with notice that it does not intend to automatically renew our agreement when it expires in 2012. Approximately 1.4% of our 2009 revenue and 2.3% of our revenue for the nine months ended September 30, 2010, respectively, was associated with this issuing bank. We intend to replace this issuing bank if satisfactory arrangements to renew the contract are not concluded and we believe an alternative issuing bank can be found; however, our failure to maintain these relationships, or find suitable alternatives, could have an adverse effect on our MasterCard network fleet card products, our customer retention and our operating results.

Changes in MasterCard interchange fees could decrease our revenue.

A portion of our revenue is generated by network processing fees charged to merchants, known as interchange fees, associated with transactions processed using our MasterCard-branded fleet cards. Interchange fee amounts associated with our MasterCard network fleet cards are affected by a number of factors, including regulatory limits in the United States and Europe and fee changes imposed by MasterCard. In addition, interchange fees are

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the subject of intense legal and regulatory scrutiny and competitive pressures in the electronic payments industry, which could result in lower interchange fees generally in the future. Temporary or permanent decreases in the interchange fees associated with our MasterCard network fleet-card transactions, could adversely affect our business and operating results.

If we are not able to maintain and enhance our brands, it could adversely affect our business, operating results and financial condition.

We believe that maintaining and enhancing our brands is critical to our customer relationships, and our ability to obtain partners and retain employees. The successful promotion of our brands will depend upon our marketing and public relations efforts, our ability to continue to offer high-quality products and services and our ability to successfully differentiate our services from those of our competitors. In addition, future extension of our brands to add new products or services different from our current offerings may dilute our brands, particularly if we fail to maintain our quality standards in these new areas. The promotion of our brands will require us to make substantial expenditures, and we anticipate that the expenditures will increase as our markets become more competitive and we expand into new markets. To the extent that these activities yield increased revenue, this revenue may not offset the expenses we incur. There can be no assurance that our brand promotion activities will be successful.

Failure to comply with the United States Foreign Corrupt Practices Act, and similar laws associated with our international activities, could subject us to penalties and other adverse consequences.

As we continue to expand our business internationally, we may expand into certain foreign countries, particularly those with developing economies, where companies often engage in business practices that are prohibited by U.S. regulations, including the United States Foreign Corrupt Practices Act, or the FCPA. Such laws prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have implemented policies to discourage such practices; however, there can be no assurances that all of our employees, consultants and agents, including those that may be based in or from countries where practices that violate U.S. laws may be customary, will not take actions in violation of our policies, for which we may be ultimately responsible. Violations of the FCPA may result in severe criminal or civil sanctions and suspension or debarment from U.S. government contracting, which could negatively affect our business, operating results and financial condition.

Risks related to this offering and ownership of our common stock

Our stock price will likely be volatile and your investment could decline in value.

The market price of our common stock following this offering may fluctuate substantially as a result of many factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of the value of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

quarterly variations in our results of operations;

results of operations that vary from the expectations of securities analysts and investors;

results of operations that vary from those of our competitors;

changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;

announcements by us or our competitors of significant contracts, acquisitions, or capital commitments;

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announcements by third parties of significant claims or proceedings against us;

regulatory developments in the United States and abroad;

future sales of our common stock, and additions or departures of key personnel; and

general domestic and international economic, market and currency factors and conditions unrelated to our performance.

In addition, the stock market in general has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to operating performance of individual companies. These broad market factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in significant liabilities and, regardless of the outcome, could result in substantial costs and the diversion of our management's attention and resources.

Our common stock has no prior market and our stock price may decline after the offering.

Before this offering, there has been no public market for shares of our common stock. Although our common stock has been approved for listing on the New York Stock Exchange, subject to official notice of issuance, an active trading market for our common stock may not develop or, if it develops, may not be sustained after this offering. Our company and the representatives of the underwriters will negotiate to determine the initial public offering price. The initial public offering price may be higher than the market price of our common stock after the offering and you may not be able to sell your shares of our common stock at or above the price you paid in the offering. As a result, you could lose all or part of your investment.

Our principal stockholders will have a controlling influence over our business affairs and may make business decisions with which you disagree and which may adversely affect the value of your investment.

After this offering, it is anticipated that our principal stockholders and their affiliates will beneficially own or control, directly or indirectly, 53,366,451 shares of our common stock, which in the aggregate will represent approximately 66% of the outstanding shares of our common stock. As a result, if some of these persons or entities act together, they will have the ability to exercise significant influence over matters submitted to our stockholders for approval, including the election and removal of directors, amendments to our certificate of incorporation and bylaws and the approval of any business combination. These actions may be taken even if they are opposed by other stockholders. This concentration of ownership may also have the effect of delaying or preventing a change of control of our company or discouraging others from making tender offers for our shares, which could prevent our stockholders from receiving a premium for their shares.

Some of these persons or entities who make up our principal stockholders may have interests different from yours. For example, because many of these stockholders purchased their shares at prices substantially below the price at which shares are being sold in this offering and have held their shares for a relatively longer period, they may be more interested in selling FleetCor to an acquirer than other stockholders or may want us to pursue strategies that deviate from the interests of other stockholders.

Investors purchasing common stock in this offering will experience immediate and substantial dilution.

The initial public offering price of shares of our common stock is substantially higher than the net tangible book value per outstanding share of our common stock. You will incur immediate and substantial dilution of \$19.27 per share in the net tangible book value of shares of our common stock, based on an assumed initial public offering

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price of \$24.50, the midpoint of the range set forth on the cover of this prospectus. In addition, we have outstanding options with exercise prices significantly below the initial public offering price. To the extent outstanding options are ultimately exercised, there will be further dilution of the common stock sold in this offering.

Future sales, or the perception of future sales, of a substantial amount of our common shares could depress the trading price of our common stock.

If we or our stockholders sell substantial amounts of our shares of common stock in the public market following this offering or if the market perceives that these sales could occur, the market price of shares of our common stock could decline. These sales may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

Upon completion of this offering, we will have 475 million shares of common stock authorized and 78,719,146 shares of common stock outstanding. Of these shares, the 12,675,000 shares to be sold in this offering will be freely tradable. Before the sale of any shares to be sold in this offering, we, our executive officers and directors, and the selling stockholders and other stockholders (subject to certain limited exceptions) will have entered into agreements with the underwriters not to sell or otherwise dispose of shares of our common stock for a period of at least 180 days following completion of this offering, with certain exceptions. Immediately upon the expiration of this lock-up period, 15,647,786 shares will be freely tradable pursuant to Rule 144 under the Securities Act of 1933 by non-affiliates and another 50,396,360 shares will be eligible for resale pursuant to Rule 144 under the Securities Act of 1933, subject to the volume, manner of sale and other limitations of Rule 144.

Our failure to maintain effective internal control over financial reporting could adversely affect our business, operating results and financial condition.

Beginning with our annual report for the year ended December 31, 2011, Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, will require us to include a report by our management on our internal control over financial reporting. This report must contain an assessment by management of the effectiveness of our internal control over financial reporting as of the end of the year and a statement as to whether or not our internal controls are effective. Our annual report for the year ended December 31, 2011 must also contain a statement that our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting.

In order to achieve timely compliance with Section 404, we have begun a process to document and evaluate our internal control over financial reporting. Our efforts to comply with Section 404 have resulted in, and are likely to continue to result in, significant costs, the commitment of time and operational resources and the diversion of management's attention. Even if we develop effective controls, such controls may become inadequate because of changes in conditions, and the degree of compliance with the policies or procedures may deteriorate. If our management identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion that we have maintained effective internal control over financial reporting, market perception of our financial condition and the market price of our stock may be adversely affected, we could be subject to sanctions or investigations by the New York Stock Exchange, the Securities and Exchange Commission (the SEC) or other regulatory authorities, and customer perception of our business may suffer.

Furthermore, implementing any appropriate changes to our internal control over financial reporting may entail substantial costs to modify our existing accounting systems, may take a significant period of time to complete and

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may distract our officers, directors and employees from the operation of our business. These changes, however, may not be effective in maintaining the adequacy of our internal control over financial reporting, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could adversely affect our business, operating results and financial condition.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon completion of this offering, we will become subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our disclosure controls and procedures are designed to reasonably ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are and will be met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

We will incur significantly increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance efforts.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the Securities and Exchange Commission and the New York Stock Exchange impose additional requirements on public companies, including enhanced corporate governance practices. For example, the listing requirements for the New York Stock Exchange provide that listed companies satisfy certain corporate governance requirements relating to independent directors, audit committees, stockholder meetings, stockholder approvals, solicitation of proxies, conflicts of interest, stockholder voting rights and codes of business conduct. Our management and other personnel will need to devote a substantial amount of time and resources in complying with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors and board committees or as executive officers and more expensive for us to obtain director and officer liability insurance.

Anti-takeover provisions in our charter documents could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

Our corporate documents, to be effective immediately before this offering, and the Delaware General Corporation Law contain provisions that may enable our board of directors to resist a change in control of FleetCor even if a change in control were to be considered favorable by you and other stockholders. These provisions:

stagger the terms of our board of directors and require supermajority stockholder voting to remove directors;

authorize our board of directors to issue preferred stock and to determine the rights and preferences of those shares, which may be senior to our common stock, without prior stockholder approval;

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establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings;

prohibit our stockholders from calling a special meeting and prohibit stockholders from acting by written consent; and

require supermajority stockholder voting to effect certain amendments to our certificate of incorporation and bylaws.

In addition, our certificate of incorporation will prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or consolidating with us except under certain circumstances. These provisions could discourage, delay or prevent a transaction involving a change in control of FleetCor. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire.

We do not expect to pay any dividends on our common stock for the foreseeable future.

We currently expect to retain all future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends to holders of our common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our operating results, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, we must comply with the covenants in our credit agreements in order to be able to pay cash dividends, and our ability to pay dividends generally may be further limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

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Special note regarding forward-looking statements

This prospectus contains statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, in contrast with statements that reflect historical facts. Many of these statements are contained under the headings

Prospectus summary, Management's discussion and analysis of financial condition and results of operations and Business. In some cases, we have identified such forward-looking statements with typical conditional words such as anticipate, intend, believe, estimate, plan, seek, or expect, may, will, would, could or should, the negative of these terms or other comparable terminology.

These forward-looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. We have based these forward-looking statements largely on our current expectations and projections about future events. Forward-looking statements are subject to many uncertainties and other variable circumstances, including those discussed in this prospectus under the headings Risk factors and Management's discussion and analysis of financial condition and results of operations, many of which are outside of our control, that could cause our actual results and experience to differ materially from any forward-looking statement. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this prospectus are made only as of the date hereof. We do not undertake, and specifically decline, any obligation to update any such statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments.

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Use of proceeds

We estimate that the net proceeds we will receive from the sale of 430,961 shares of our common stock in this offering, after deducting underwriting discounts and other offering expenses payable by us, will be approximately \$6.3 million. This estimate assumes an initial public offering price of \$24.50 per share, the mid-point of the range set forth on the cover page of this prospectus. A \$1.00 increase (decrease) in the assumed initial public offering price of \$24.50 per share would increase (decrease) the net proceeds to us from this offering by \$0.4 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and other offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders, which include members of our senior management (including any shares sold by the selling stockholders pursuant to the underwriters' option to purchase additional shares), although we will receive the exercise price in respect of any options to purchase shares of common stock that are exercised by selling stockholders in connection with this offering. See "Principal and selling stockholders" for more information.

We intend to use approximately \$3.1 million of the net proceeds from this offering to repay a portion of our existing term loan indebtedness under our 2005 Credit Facility, as further described under "Description of indebtedness - 2005 Credit Facility." As of September 30, 2010, we had \$274.0 million in outstanding term loans under the 2005 Credit Facility, which bears interest at LIBOR plus 2.25% (2.5% at September 30, 2010) and matures in April 2013. In addition, we intend to use the remaining net proceeds for working capital and other general corporate purposes.

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Dividend policy

We currently expect to retain all future earnings, if any, for use in the operation and expansion of our business. We have never declared or paid any dividends on our common stock and do not anticipate paying cash dividends to holders of our common stock in the foreseeable future. In addition, our credit agreements restrict our ability to pay dividends. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements and covenants in our existing financing arrangements and any future financing arrangements.

Pursuant to the terms of our Series D-3 preferred stock, accumulated and unpaid dividends on the Series D-3 convertible preferred stock, in an aggregate amount of approximately \$7.3 million as of September 30, 2010, become payable in cash upon the automatic conversion of the Series D-3 convertible preferred stock into common stock in connection with this offering. The actual amount of this dividend will differ based on the actual closing date of this offering.

Table of Contents**Index to Financial Statements****Capitalization**

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2010:

on an actual basis;

on a pro forma basis to give effect to (1) the automatic conversion of all of the outstanding shares of our convertible preferred stock into 43,575,148 shares of our common stock immediately prior to the closing of this offering, (2) a two and one-half-for-one stock split of shares of our common stock effected on November 29, 2010, (3) the amendment and restatement of our certificate of incorporation in connection with this offering, (4) the payment of three-eighths of the cumulative dividend on the Series D-3 convertible preferred stock, aggregating \$7.3 million and (5) compensation expense of approximately \$14.1 million related to 1,631,805 shares of restricted stock which will vest upon the closing of this offering (assuming an initial public offering price of \$24.50 per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus); and

on a pro forma as adjusted basis to give further effect to (1) the sale by us of 430,961 shares of common stock in this offering at an assumed initial public offering price of \$24.50 per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and other offering expenses payable by us, (2) the exercise of 587,874 fully vested stock options by selling stockholders, our receipt of \$3.5 million representing the aggregate exercise price of such options and the sale of the option shares in this offering and (3) the repayment of an estimated \$3.1 million of outstanding term loans under the 2005 Credit Facility with a portion of the net proceeds of this offering.

You should read the following information together with the information contained in Selected consolidated financial data, Management s discussion and analysis of financial condition and results of operations and our consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

(dollars in thousands)	As of September 30, 2010		
	Actual	Pro forma	
		Pro forma	as adjusted (1)
		(unaudited)	(unaudited)
Cash and cash equivalents (excluding restricted cash)	\$ 110,773	\$ 103,462	\$ 110,127
Total debt (including current portion):			
Term note payable domestic	274,000	274,000	270,862
Term note payable foreign	59,209	59,209	59,209
Other debt	168,117	168,117	168,117
Total debt	501,326	501,326	498,188
Convertible preferred stock, par value \$0.001 per share: 1,919,135 shares authorized and issued and 1,668,449 shares outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted, for Series D-1; 230,769 shares authorized and issued and 201,923 shares outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted, for Series D-2; 3,995,413 shares authorized, issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted, for Series D-3; 8,164,281 shares authorized, issued and	344,018		

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outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted, for Series D-4; and 3,400,000 shares authorized, issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted, for Series E (aggregate liquidation preference of \$409,996)

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(dollars in thousands)	As of September 30, 2010		
	Actual	Pro forma (unaudited)	Pro forma as adjusted (1) (unaudited)
Preferred stock, par value \$0.001 per share: 1,000,000 shares authorized, no shares issued or outstanding, actual; 25,000,000 shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted			
Common stock, par value \$0.001 per share: 52,000,000 shares authorized, 26,416,540 shares issued and 13,650,069 outstanding, actual; 475,000,000 shares authorized, pro forma and pro forma as adjusted 109,616,490 shares issued and 77,700,311 shares outstanding, pro forma; 110,047,451 shares issued and 78,131,272 shares outstanding, pro forma as adjusted	26	110	110
Additional paid-in capital	97,968	387,100	396,903
Retained earnings	312,742	360,233	360,233
Accumulated other comprehensive loss	(7,605)	(7,605)	(7,605)
Treasury stock 12,766,471 shares, actual; 31,916,179 shares, pro forma and pro forma as adjusted	(175,220)	(175,220)	(175,220)
Total stockholders equity	571,929	564,618	574,421
Total capitalization	\$ 1,073,255	\$ 1,065,944	\$ 1,072,609

- (1) A \$1.00 increase (decrease) in the assumed initial public offering price of \$24.50, which is the mid-point of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of the amount of cash and cash equivalents, additional paid-in capital, total stockholders equity and total capitalization by approximately \$0.4 million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and other offering expenses payable by us. The pro forma information discussed above is illustrative only and following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

The table above excludes:

as of September 30, 2010, 7,348,344 shares of common stock issuable upon the exercise of outstanding stock options at a weighted-average exercise price of \$8.11 per share (which amount excludes 587,874 shares in respect of options to be exercised by selling stockholders in connection with this offering); and

6,750,000 shares of common stock reserved for future issuance under our 2010 Equity Compensation Plan.

Table of Contents**Index to Financial Statements****Dilution**

If you invest in shares of our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock upon the closing of this offering. Pro forma net tangible book value per share of common stock is determined by dividing the number of outstanding shares of common stock, after giving effect to (1) a two and one-half-for-one split of shares of our common stock effected on November 29, 2010 and (2) the automatic conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the closing of this offering into the net tangible book value attributable to our common stock, which is our total tangible assets less our total liabilities. After giving further effect to (1) the payment of accrued dividends on our Series D-3 convertible preferred stock, which are payable in connection with the conversion of such preferred stock into common stock, (2) the sale of shares of our common stock by us in this offering at an assumed initial public offering price of \$24.50 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and other offering expenses payable by us, (3) the repayment of an estimated \$3.1 million of outstanding term loans under the 2005 Credit Facility with a portion of the net proceeds of this offering and (4) the exercise of 587,874 fully vested stock options by selling stockholders, our receipt of \$3.5 million representing the aggregate exercise price of such options and the sale of the option shares in this offering, the adjusted pro forma net tangible book value attributable to shares of our common stock as of September 30, 2010 would have been approximately \$573.9 million, or \$5.23 per share. This represents an immediate increase in pro forma net tangible book value of \$0.07 per share to the holders of our existing common stock and an immediate dilution of \$19.27 per share to new investors purchasing shares of common stock at the initial public offering price.

The following table illustrates this per share dilution:

Assumed initial public offering price per share	\$ 24.50
Pro forma net tangible book value per share as of September 30, 2010	\$ 5.16
Increase in pro forma net tangible book value per share attributable to investors purchasing shares in this offering	.03
Increase in pro forma net tangible book value per share in connection with exercise of and sale of fully vested stock options by selling stockholders in this offering	.04
Adjusted pro forma net tangible book value per share after this offering	5.23
 Dilution in net tangible book value per share to new investors	 \$ 19.27

A \$1.00 increase (decrease) in the assumed initial public offering price of \$24.50, which is the mid-point of the estimated price range set forth on the cover page of this prospectus, would increase (decrease): (1) our adjusted pro forma net tangible book value by \$0.4 million; and (2) the dilution in net tangible book value per common share to new investors in this offering by \$1.00, in each case, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and other offering expenses payable by us.

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The following table sets forth, as of September 30, 2010, the differences between the number of shares of common stock purchased from us, after giving effect to (i) a two and one-half for one stock split of shares of our common stock effected on November 29, 2010, (ii) the conversion of our convertible preferred stock into common stock, (iii) the total price paid and average price per share paid by existing stockholders and by the new investors in this offering at an assumed initial public offering price of \$24.50 per shares and (iv) the exercise and sale of fully vested stock options by selling stockholders in this offering.

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing shares	78,288,185	99.4%	\$ 386,454,455	97.3%	\$ 4.94
New shares	430,961	.6	10,558,545	2.7	24.50
Total	78,719,146	100%	\$ 397,013,000	100%	\$ 5.04

A \$1.00 increase (decrease) in the assumed initial public offering price of \$24.50, which is the mid-point of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors by approximately \$0.4 million and would have no impact on the total average price per share, respectively, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same.

If the underwriters exercise their option to purchase up to 1,901,250 additional shares in full, the following will occur:

the number of existing shares of common stock will represent 99.4% of the total number of shares of our common stock outstanding after this offering; and

the number of new shares will represent approximately 0.6% of the total number of shares of our common stock outstanding after this offering.

The foregoing discussion and tables assume no exercise of stock options to purchase 7,348,344 shares of our common stock issuable upon the exercise of stock options outstanding as of September 30, 2010, at a weighted average exercise price of \$8.11 per share, other than the exercise of 587,874 options by selling stockholders in connection with this offering. To the extent that any options are exercised, new investors will experience further dilution.

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Unaudited pro forma condensed consolidated financial information

On April 1, 2009, FleetCor entered into an acquisition agreement to acquire all of the outstanding stock of CLC Group, Inc. and subsidiaries which we refer to in this prospectus as the CLC Acquisition. The total consideration for this acquisition was \$169.1 million, consisting of cash paid of \$161.1 million and the issuance of \$8 million of our Series E convertible preferred stock.

The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2009 has been derived from the application of pro forma adjustments to our historical audited consolidated financial statements for the year ended December 31, 2009 and CLC Group, Inc. and subsidiaries unaudited financial statements for the quarter ended March 31, 2009 and gives effect to the CLC Acquisition as if it occurred on January 1, 2009. The unaudited pro forma condensed consolidated statement of income for the nine months ended September 30, 2009 has been derived from the application of pro forma adjustments to our historical unaudited consolidated financial statements for the nine months ended September 30, 2009 and CLC Group, Inc. and subsidiaries unaudited financial statements for the quarter ended March 31, 2009 and gives effect to the CLC Acquisition as if it occurred on January 1, 2009. Our operating results for all periods subsequent to March 31, 2009 reflect the impact of the CLC Acquisition. The acquisition was accounted for as a purchase in accordance with the authoritative guidance related to business combinations. We have not included pro forma balance sheet information because our consolidated balance sheet, as of December 31, 2009, reflects the effect of the CLC Acquisition.

The unaudited pro forma condensed consolidated statement of income does not purport to represent what our results of operations would have been if the CLC Acquisition had occurred on January 1, 2009 and are not intended to project our results of operations for any future period. The unaudited pro forma adjustments are based on estimates, available information and certain assumptions that we believe are reasonable and may be revised as additional information becomes available. The pro forma adjustments and principal assumptions are described in the accompanying notes. You should read this table together with the discussion under the headings *Selected consolidated financial data* and *Management's discussion and analysis of financial condition and results of operations* and CLC Group, Inc. and subsidiaries consolidated financial statements and the related notes included elsewhere in this prospectus.

Table of ContentsIndex to Financial Statements**FleetCor Technologies, Inc.****Unaudited pro forma condensed consolidated statement of income****Year ended December 31, 2009****(in thousands, except share data)**

	CLC Group, Inc.			
	and subsidiaries			
	January 1, 2009			
	through			
	FleetCor Technologies, Inc.	March 31, 2009	Acquisition adjustments	Pro forma
Revenues, net	\$ 354,073	\$ 16,308	\$	\$ 370,381
Operating expenses	179,660	7,187		186,847
	174,413	9,121		183,534
Depreciation and amortization	28,368	790	469(a)	29,627
Operating income	146,045	8,331	(469)	153,907
Other (income) expense, net	(933)	132		(801)
Interest expense, net	17,363	253		17,616
Total other expense	16,430	385		16,815
Income before income taxes	129,615	7,946	(469)	137,092
Provision for income taxes	40,563	3,266	(150)(b)	43,679
Net income	\$ 89,052	\$ 4,680	\$ (319)	\$ 93,413
Pro forma earnings per share(c):				
Basic				\$ 2.33
Diluted				1.15
Basic weighted average shares outstanding				33,802
Diluted weighted average shares outstanding				80,979

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- (a) Represents additional amortization of intangible assets recorded in connection with the purchase price allocation of the CLC Acquisition computed as follows:

Amortization of intangible assets based on purchase price allocation	\$ 1,069
Amortization of intangible assets included in CLC Group, Inc. and subsidiaries historical financial statements	600
Additional amortization expense	\$ 469

- (b) Represents a reduction in the provision for income taxes for the additional amortization expense recorded that related to intangible assets in connection with the CLC Group, Inc. and subsidiaries purchase price allocation.

- (c) Pro forma basic and diluted earnings per share give effect to the two and one-half-for-one stock split effected on November 29, 2010.

Table of ContentsIndex to Financial Statements**FleetCor Technologies, Inc.****Unaudited pro forma condensed consolidated statement of income****Nine months ended September 30, 2009****(in thousands, except share data)**

	FleetCor Technologies, Inc.	CLC Group, Inc. and subsidiaries(a)	Acquisition adjustments	Pro forma
Revenues, net	\$ 256,761	\$ 16,308	\$	\$ 273,069
Operating expenses	131,680	7,187		138,867
	125,081	9,121		134,202
Depreciation and amortization	20,235	790	469	21,494
Operating income	104,846	8,331	(469)(b)	112,708
Other (income) expense, net	(369)	132		(237)
Interest expense, net	13,023	253		13,276
Total other expense	12,654	385		13,039
Income before income taxes	92,192	7,946	(469)	99,669
Provision for income taxes	28,088	3,266	(150)(c)	31,204
Net income	\$ 64,104	\$ 4,680	\$ (319)	\$ 68,465
Pro forma earnings per share(d):				
Basic				\$ 1.57
Diluted				.85
Basic weighted average shares outstanding				33,775
Diluted weighted average shares outstanding				80,780

(a) Represents CLC Group, Inc. and subsidiaries unaudited financial statements for the quarter ended March 31, 2009. Our operating results for all periods subsequent to March 31, 2009 reflect the impact of the CLC Acquisition.

(b) Represents additional amortization of intangible assets recorded in connection with the purchase price allocation of the CLC Acquisition computed as follows:

Amortization of intangible assets based on purchase price allocation	\$ 1,069
Amortization of intangible assets included in CLC Group, Inc. and subsidiaries historical financial statements	600

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Additional amortization expense

\$ 469

- (c) Represents a reduction in the provision for income taxes for the additional amortization expense recorded that related to intangible assets in connection with the CLC Group, Inc. and subsidiaries purchase price allocation.
- (d) Pro forma basic and diluted earnings per share give effect to the two and one-half-for-one stock split effected on November 29, 2010.

Table of ContentsIndex to Financial Statements**Selected consolidated financial data**

We derived the consolidated statement of income and other financial data for the years ended December 31, 2009, 2008 and 2007 and the selected consolidated balance sheet data as of December 31, 2009 and 2008 from the audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of income data for the nine months ended September 30, 2010 and 2009 as well as the consolidated balance sheet data as of September 30, 2010 are derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. We derived the selected historical financial data for the years ended December 31, 2006 and 2005 and the selected consolidated balance sheets as of December 31, 2007, 2006 and 2005 from our audited consolidated financial statements that are not included in this prospectus.

The selected consolidated financial data set forth below should be read in conjunction with Management's discussion and analysis of financial condition and results of operations and our audited consolidated financial statements and notes thereto included elsewhere in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments, which include only normal recurring adjustments, that management considers necessary for the fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results to be expected in any future period.

(in thousands, except per share data)	Nine months ended		2009	2008	Year ended December 31,		
	September 30, 2010	2009			2007	2006	2005
	(unaudited)						
Consolidated statement of income data(1):							
Revenues, net	\$ 327,294	\$ 256,761	\$ 354,073	\$ 341,053	\$ 264,086	\$ 186,209	\$ 143,334
Expenses:							
Merchant commissions	39,549	28,860	39,709	38,539	39,358	32,784	24,247
Processing	52,608	43,099	57,997	51,406	34,060	26,388	18,360
Selling	23,155	21,470	30,579	23,778	22,625	19,464	13,740
General and administrative	40,025	38,251	51,375	47,635	41,986	23,175	20,562
Depreciation and amortization	25,238	20,235	28,368	27,240	20,293	12,571	7,448
Operating income	146,719	104,846	146,045	152,455	105,764	71,827	58,977
Other, net	(767)	(369)	(933)	(2,488)	(1,554)	39	1,997
Interest expense, net	16,352	13,023	17,363	20,256	19,735	11,854	7,564
Total other expense	15,585	12,654	16,430	17,768	18,181	11,893	9,561
Income before income taxes	131,134	92,192	129,615	134,687	87,583	59,934	49,416
Provision for income taxes	40,752	28,088	40,563	37,405	25,998	21,957	18,748
Net income	\$ 90,382	\$ 64,104	\$ 89,052	\$ 97,282	\$ 61,585	\$ 37,977	\$ 30,668
Pro forma earnings per share (unaudited)(2):							
Earnings per share, basic	\$.89	\$.78	\$ 1.10	\$ 1.36	\$.87	\$.58	\$.46
Earnings per share, diluted	.93	.82	1.13	1.35	.86	.57	.44
Weighted average shares outstanding, basic	77,600	74,548	75,253	68,108	67,271	61,892	65,812
Weighted average shares outstanding, diluted	82,045	77,978	78,854	71,913	71,720	66,660	69,852

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(in thousands)	As of September 30,					As of December 31,	
	2010	2009	2008	2007	2006	2005	
Consolidated balance sheet data:							
Cash and cash equivalents(3)	\$ 110,773	\$ 84,701	\$ 70,355	\$ 68,864	\$ 18,191	\$	
Restricted cash(3)(4)	65,927	67,979	71,222	76,797	64,016		
Total assets	1,503,527	1,209,545	929,062	875,106	657,925	266,359	
Total debt	501,326	351,551	370,747	341,851	255,032	127,543	
Total stockholders' equity	571,929	474,049	273,264	192,009	158,482	58,179	

- (1) In June 2009, the Financial Accounting Standards Board, or FASB, issued authoritative guidance limiting the circumstances in which a financial asset may be derecognized when the transferor has not transferred the entire financial asset or has continuing involvement with the transferred asset. This guidance was effective for us as of January 1, 2010. As a result of the adoption of such guidance, effective January 1, 2010, our statements of income will no longer include securitization activities in revenue. Rather, we will report interest income, provision for bad debts and interest expense associated with the debt securities issued from our securitization facility.
- (2) Pro forma to give effect to (1) the conversion of all outstanding shares of our convertible preferred stock into 43,575,148 shares of our common stock immediately prior to the completion of this offering, (2) the forgiveness of all cumulative dividends except for a portion of the dividends related to Series D-3 convertible preferred stock where holders will receive cash dividends of approximately \$7.3 million on our convertible preferred stock calculated as of September 30, 2010, (3) a two and one-half-for-one stock split of shares of our common stock effected on November 29, 2010 offering and (4) compensation expense of approximately \$14.1 million related to 1,631,805 shares of restricted stock which will vest upon the closing of this offering (assuming the price to the public is at the midpoint of the estimated price range set forth on the cover page of this prospectus).
- (3) No cash and cash equivalents were maintained at December 31, 2005 due to a negative cash balance, which was classified as accounts payable. Further, there was no restricted cash at December 31, 2005 as restricted cash relates to acquisitions we made in 2006.
- (4) Restricted cash represents customer deposits repayable on demand.

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Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences include, but are not limited to, those identified below and those described in Risk factors appearing elsewhere in this prospectus. All foreign currency amounts that have been converted into U.S. dollars in this discussion are based on the exchange rate as reported by OANDA for the applicable periods. In this prospectus, when we refer to consolidated revenue, the provision for bad debts and interest expense on a managed basis, in each case, for the periods between January 1, 2005 and December 31, 2009, such amounts have been adjusted for the impact of the new accounting guidance related to our securitization facility as further discussed below. For the periods prior to January 1, 2005, we did not maintain a securitization facility. The term managed basis is used throughout Management's discussion and analysis of financial condition and results of operations.

Overview

FleetCor is a leading independent global provider of specialized payment products and services to commercial fleets, major oil companies and petroleum marketers. We serve more than 530,000 commercial accounts in 18 countries in North America, Europe, Africa and Asia, and we had approximately 2.5 million commercial cards in use during the month of December 2009. Through our proprietary payment networks, our cards are accepted at approximately 83,000 locations in North America and internationally. In 2009, we processed approximately \$14 billion in purchases on our proprietary networks and third-party networks. We believe that our size and scale, geographic reach, advanced technology and our expansive suite of products, services, brands and proprietary networks contribute to our leading industry position.

We provide our payment products and services in a variety of combinations to create customized payment solutions for our customers and partners. We sell these products and services directly and indirectly through partners with whom we have strategic relationships, such as major oil companies and petroleum marketers. We refer to these major oil companies and petroleum marketers as our partners. We provide our customers with various card products that typically function like a charge card to purchase fuel, lodging and related products and services at participating locations. Our payment programs enable businesses to better manage and control employee spending and provide card-accepting merchants with a high volume customer base that can increase their sales and customer loyalty.

In order to deliver our payment programs and services and process transactions, we own and operate six proprietary closed-loop networks through which we electronically connect to merchants and capture, analyze and report customized information. We also use third-party networks to deliver our payment programs and services in order to broaden our card acceptance and use. To support our payment products, we also provide a range of services, such as issuing and processing, as well as specialized information services that provide our customers with value-added functionality and data. Our customers can use this data to track important business productivity metrics, combat fraud and employee misuse, streamline expense administration and lower overall fleet operating costs.

FleetCor's predecessor company was organized in the United States in 1986. In 2000, our current chief executive officer joined us and we changed our name to FleetCor Technologies, Inc. Since 2000, we have grown significantly through a combination of organic initiatives, product and service innovation and over 40

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acquisitions of businesses and commercial account portfolios. We have grown our revenue from \$30.7 million in 2001 to \$381.3 million on a managed basis in 2009, representing a compound annual growth rate of 37.0%. In 2009, we generated 35.8% of our revenue from our international operations, compared to none in 2005. In addition, we have grown our net income from a net loss of \$12.6 million in 2000 to net income of \$89.1 million in 2009. Our corporate headquarters are located in Norcross, Georgia. As of December 31, 2009, we employed approximately 1,130 employees, approximately 650 of whom were located in the United States.

Our segments, sources of revenue and expenses***Segments***

We operate in two segments, which we refer to as our North American and International segments. Our revenue is reported net of the wholesale cost for underlying products and services. In this prospectus, we refer to this net revenue as revenue. For the years ended December 31, 2009, 2008, 2007 and 2006, and the nine months ended September 30, 2010 and 2009, our North American and International segments generated the following revenue:

(dollars in millions)	Revenue	Nine months ended September 30,				Year ended December 31,						
		2010 % of total revenue	2009 % of total revenue	2009 % of total revenue	2008 % of total revenue	2007 % of total revenue	2006 % of total revenue					
North America	\$219.4	67.0%	\$ 167.0	65.0%	\$ 227.4	64.2%	\$ 205.5	60.2%	\$ 161.4	61.1%	\$ 169.6	91.1%
International	107.9	33.0%	89.8	35.0%	126.7	35.8%	135.6	39.8%	102.7	38.9%	16.6	8.9%
	\$327.3	100.0%	\$ 256.8	100.0%	\$ 354.1	100.0%	\$ 341.1	100.0%	\$ 264.1	100.0%	\$ 186.2	100.0%

For the years ended December 31, 2009, 2008, 2007 and 2006, and the nine months ended September 30, 2009, our consolidated revenues, net on a managed basis for our North American and International segments was as follows:

(dollars in millions)	Nine months ended September 30,				Year ended December 31,					
	2009 % of total revenue	2009 % of total revenue	2009 % of total revenue	2008 % of total revenue	2007 % of total revenue	2006 % of total revenue				
North America	\$ 188.4	67.7%	\$ 254.6	66.8%	\$ 248.7	64.7%	\$ 188.9	64.8%	\$ 193.1	92.1%
International	89.8	32.3%	126.7	33.2%	135.6	35.3%	102.7	35.2%	16.6	7.9%
	\$ 278.2	100.0%	\$ 381.3	100.0%	\$ 384.3	100.0%	\$ 291.6	100.0%	\$ 209.7	100.0%

Revenue, net on a managed basis for the twelve months ended September 30, 2010 aggregated \$430.4 million. North American and International segment revenue, net on a managed basis for the twelve months ended September 30, 2010 aggregated \$285.6 million and \$144.8 million, respectively. Revenue, net for the twelve months ended September 30, 2010 represents revenue, net for the year ended December 31, 2009, minus revenue, net for the nine months ended September 30, 2009, plus revenue, net for the nine months ended September 30, 2010.

Table of Contents**Index to Financial Statements*****Sources of Revenue***

Transactions. In both of our segments, we derive revenue from transactions and the related revenue per transaction. As illustrated in the diagram below, a transaction is defined as a purchase by a customer. Our customers include holders of our card products and those of our partners, for whom we manage card programs. Revenue from transactions is derived from our merchant and network relationships as well as our customers and partners. Through our merchant and network relationships we primarily offer fuel, vehicle maintenance or lodging services to our customers. We also earn revenue from our customers and partners through program fees and charges. The following diagram illustrates a typical transaction flow.

Illustrative Transaction Flow

From our merchant and network relationships, we derive revenue from the difference between the price charged to a customer for a transaction and the price paid to the merchant or network for the same transaction. As illustrated in the table below, the price paid to a merchant or network may be calculated as (i) the merchant's wholesale cost of fuel plus a markup; (ii) the transaction purchase price less a percentage discount; or (iii) the transaction purchase price less a fixed fee per unit. The difference between the price we pay to a merchant and the merchant's wholesale cost for the underlying products and services is considered a merchant commission and is recognized as an expense. Approximately 46.0% and 45.0% of our revenue during 2009 and the first nine months of 2010, respectively, was derived from our merchant and network relationships.

Illustrative Revenue Model for Fuel Purchases

(unit of one gallon)

Illustrative Revenue Model				Merchant Payment Methods			
Retail Price	\$ 3.00	i) Cost Plus Mark-up:		ii) Percentage Discount:		iii) Fixed Fee:	
Wholesale Cost	(2.86)	Wholesale Cost	\$ 2.86	Retail Price	\$ 3.00	Retail Price	\$ 3.00
		Mark-up	0.05	Discount (3%)	(0.09)	Fixed Fee	(0.09)
FleetCor Revenue	\$ 0.14						
Merchant Commission	\$ (0.05)	Price Paid to Merchant	\$ 2.91	Price Paid to Merchant	\$ 2.91	Price Paid to Merchant	\$ 2.91
Price Paid to Merchant	\$ 2.91						

From our customers and partners, we derive revenue from a variety of program fees including transaction fees, card fees, network fees and report fees. Our payment programs include other fees and charges associated with late payments and based on customer credit risk. Approximately 54.0% and 55.0% of our revenue during 2009 and the first nine months of 2010, respectively, was derived from customer and partner program fees and charges.

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Transaction volume and revenue per transaction. Set forth below is revenue per transaction information for the years ended December 31, 2009, 2008 and 2007 and the nine months ended September 30, 2010 and 2009:

	Nine months ended September 30,		2009	Year ended December 31,		
	2010	2009		2008	2007	2006
Transactions (in millions)						
North America	111.0	107.2	143.4	149.5	130.0	142.0
International	36.4	36.8	50.5	39.9	28.4	3.5
Total transactions	147.4	144.0	193.9	189.4	158.4	145.5
Revenue per transaction						
North America	\$ 1.98	\$ 1.56	\$ 1.59	\$ 1.37	\$ 1.24	\$ 1.19
International	2.97	2.44	2.51	3.40	3.61	4.80
Consolidated revenue per transaction	2.22	1.78	1.83	1.80	1.67	1.28
Managed consolidated revenue per transaction	N/A(1)	1.93	1.97	2.02	1.84	1.45

(1) As a result of the adoption of authoritative accounting guidance, effective January 1, 2010, our statements of income no longer include securitization activities in revenues and therefore this presentation is not applicable for this period.

For the nine months ended September 30, 2010 compared to the same period in 2009, transaction volume increased from 144.0 million to 147.4 million, an increase of 3.4 million or 2.3%. We experienced an increase in transactions in our North American segment due to our acquisition of CLC Group, Inc. and subsidiaries in April 2009, and organic growth in certain payment programs. We experienced a decrease in transactions in our International segment due to the loss of a high transaction, low revenue contract, partially offset by organic growth in certain payment programs.

From 2008 to 2009 transactions increased from 189.3 million to 193.9 million, an increase of 4.6 million or 2.4%. We experienced a decrease in transactions in our North American segment due primarily to a reduction in transactions by existing customers that we believe was a result of the economic downturn, partially offset by our acquisition of CLC Group, Inc., in April 2009, and organic growth in certain payment programs. We experienced an increase in transactions in our International segment due to the full year impact of acquisitions completed in 2008 and new acquisitions in 2009. Transactions increased from 158.4 million in 2007 to 189.3 million in 2008, an increase of 30.9 million or 19.5%. The increase was due primarily to organic growth in the business and acquisitions in our International segment.

Revenue per transaction is derived from the various revenue types as discussed above and can vary based on geography, the relevant merchant relationship, the payment product utilized and the types of products or services purchased, the mix of which would be influenced by our acquisitions, organic growth in our business, and fluctuations in foreign currency exchange rates. Revenue per transaction per customer increases as the level of services we provide to a customer increases. The revenue per transaction in the International segment runs higher than the North America segment due primarily to higher margins and higher fuel prices in our international product lines. International revenue per transaction has decreased from 2007 to 2009 in part due to changes in foreign exchange rates and the impact of an acquisition completed in 2008 that carries a lower fee per transaction based on the relevant card products associated with this acquisition.

Our consolidated revenue per transaction increased from \$1.85 in the nine months ended September 30, 2009 to \$2.22 in the nine months ended September 30, 2010. The increase was primarily due to the following:

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during the nine months ended September 30, 2010, our total revenue increased by \$21.4 million, or \$0.08 per transaction, as a result of the adoption of authoritative accounting guidance related to our asset securitization facility as further discussed in Note 2 Summary of significant accounting policies ;

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acquisitions completed during 2009, which carried a higher rate per transaction due to the relevant card products associated with these acquisitions;

higher program fees and charges in certain payment programs;

the weakening of the U.S. dollar during the nine months ended September 30, 2010, relative to other foreign currencies, which resulted in favorable foreign exchange rates that increased our revenue per transaction; and

the loss of a high transaction, low revenue contract in our International segment.

Our consolidated revenue per transaction increased from \$1.80 in 2008 to \$1.83 in 2009. During 2009, our consolidated revenue per transaction was positively impacted by:

acquisitions completed during 2009, that carried a higher rate per transaction due to the relevant card products associated with these acquisitions; and

higher program fees and charges primarily resulting from the full-year impact of the implementation of a private label contract on our proprietary system.

During 2009, our consolidated revenue per transaction was negatively impacted by a range of factors, including:

the strengthening of the U.S. dollar during 2009, relative to other foreign currencies, which resulted in unfavorable foreign exchange rates that reduced our 2009 revenue per transaction;

the wholesale price of fuel decreased at a higher rate than the retail price of fuel during the second half of 2008 causing the margin between the wholesale cost of fuel and the retail price of fuel in 2008 to expand beyond historical levels. In 2009, fuel price spreads returned to historical levels; and

the average retail price of fuel in 2009 was significantly lower than the average retail price of fuel in 2008, which resulted in a decrease in our 2009 revenue per transaction.

Our consolidated revenue per transaction increased from \$1.67 in 2007 to \$1.80 in 2008. During 2008, our revenue per transaction was positively impacted by:

higher program fees and charges primarily resulting from the full-year impact of a private label contract and organic growth in our existing business; and

the wholesale price of fuel decreased at a higher rate than the retail price of fuel during the second half of 2008 causing the margin between the wholesale cost of fuel and the retail price of fuel in 2008 to expand beyond historical levels;

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the average retail price of fuel in 2008 was significantly higher than the average retail price of fuel in 2007, which resulted in an increase in our 2008 revenue per transaction; and

the weakening of the U.S. dollar during 2008, relative to foreign currencies, which resulted in favorable foreign exchange rates that increased our 2008 consolidated revenue per transaction.

During 2008, our consolidated revenue per transaction was negatively impacted by:

an acquisition completed during 2008, that carried a lower rate per transaction due to the relevant card products associated with the acquisition.

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Sources of expenses

We incur expenses in the following categories:

Merchant commissions We incur merchant commissions expenses when we reimburse merchants with whom we have direct, contractual relationships in respect of specific transactions in which a customer purchases products or services from the merchant. Merchant commission equals the difference between the price paid by us to the merchant and the merchant's wholesale cost of the underlying products or services.

Processing Our processing expense consists of expenses related to processing transactions, servicing our customers and merchants and bad debt expense related to non-securitized accounts receivable.

Selling Our selling expenses consist primarily of wages, benefits, sales commissions (other than merchant commissions) and related expenses for our sales, marketing and account management personnel and activities.

General and administrative Our general and administrative expenses include compensation and related expenses (including stock-based compensation) for our executive, finance and accounting, information technology, human resources, legal and other administrative personnel. Also included are facilities expenses, third-party professional services fees, travel and entertainment expenses, and other corporate-level expenses.

Depreciation and amortization Our depreciation and amortization expenses include depreciation of property and equipment, consisting of computer hardware and software (including proprietary software development expense), card-reading equipment, furniture, fixtures, vehicles and buildings and leasehold improvements related to office space. Our amortization expenses include intangible assets related to customer and vendor relationships, tradenames and trademarks, non-compete agreements and software. We are amortizing intangible assets related to business acquisitions and certain private label contracts associated with the purchase of accounts receivable.

Other income, net Other income, net includes foreign currency transaction gains or losses, revenue/costs from the sale of assets and other miscellaneous operating costs and revenue.

Interest expense, net Interest expense, net includes interest income on our cash balances and interest expense on our outstanding debt and excludes interest on our securitization facility. We have historically invested our cash primarily in short-term money market funds.

Provision for income taxes The provision for income taxes consists primarily of corporate income taxes related to profits resulting from the sale of our products and services in the United States and internationally. Our worldwide effective tax rate is lower than the U.S. statutory rate of 35%, due primarily to lower rates in foreign jurisdictions and foreign-sourced non-taxable income.

Factors and trends impacting our business

We believe that the following factors and trends are important in understanding our financial performance:

Fuel prices Our fleet customers use our products and services primarily in connection with the purchase of fuel. Accordingly, our revenue is affected by fuel prices, which are subject to significant volatility. A change in retail fuel prices could cause a decrease or increase in our

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revenue from several sources, including fees paid to us based on a percentage of each customer's total purchase. We believe that in 2009, approximately 19.1% of our consolidated revenue on a managed basis was directly influenced by the absolute price of fuel. Changes in the absolute price of fuel may also impact unpaid account balances and the late fees and charges based on these amounts.

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Fuel-price spread volatility A portion of our revenue involves transactions where we derive revenue from fuel-price spreads, which is the difference between the price charged to a fleet customer for a transaction and the price paid to the merchant for the same transaction. In these transactions, the price paid to the merchant is based on the wholesale cost of fuel. The merchant's wholesale cost of fuel is dependent on several factors including, among others, the factors described above affecting fuel prices. The fuel price that we charge to our customer is dependent on several factors including, among others, the fuel price paid to the merchant, posted retail fuel prices and competitive fuel prices. We experience fuel-price spread contraction when the merchant's wholesale cost of fuel increases at a faster rate than the fuel price we charge to our customers, or the fuel price we charge to our customers decreases at a faster rate than the merchant's wholesale cost of fuel. Approximately 18.6% of our consolidated revenue on a managed basis in 2009 was derived from transactions where our revenue is tied to fuel-price spreads.

Acquisitions Since 2002, we have completed over 40 acquisitions of companies and commercial account portfolios. Acquisitions have been an important part of our growth strategy, and it is our intention to continue to seek opportunities to increase our customer base and diversify our service offering through further strategic acquisitions. The impact of acquisitions has, and may continue to have, a significant impact on our results of operations and may make it difficult to compare our results between periods.

Interest rates Our results of operations are affected by interest rates. We are exposed to market risk changes in interest rates on our cash investments and debt.

Global economic downturn Our results of operations are materially affected by conditions in the economy generally, both in North America and internationally. Factors affected by the economy include our transaction volumes and the credit risk of our customers. These factors affected our businesses in both our North American and International segments.

Foreign currency changes Our results of operations are impacted by changes in foreign currency rates; namely, by movements of the British pound, the Czech koruna, the Russian rouble, the Canadian dollar and the Euro relative to the U.S. dollar. Approximately 64% of our revenue in 2009 was derived in U.S. dollars and was not affected by foreign currency exchange rates.

Expenses In connection with being a public company and complying with the Sarbanes-Oxley Act of 2002, we expect our general and administrative expense to increase and then remain relatively constant or increase slightly as a percentage of revenue. Over the long term, we expect that our general and administrative expense will decrease as a percentage of revenue as our revenue increases. To support our expected revenue growth, we plan to continue to incur additional sales and marketing expense by investing in our direct marketing, third-party agents, internet marketing, telemarketing and field sales force.

Accounts receivable securitization

We utilize an off-balance sheet securitization facility in the ordinary course of our business to finance a portion of our accounts receivable. Our off-balance sheet activity utilizes a qualified special-purpose entity, or QSPE, in the form of a limited liability company. The QSPE raises funds by issuing debt to third-party investors. The QSPE holds trade accounts receivable whose cash flows are the primary source of repayment for the liabilities of the QSPE. Investors only have recourse to the assets held by the QSPE. Our involvement in these arrangements takes the form of originating accounts receivable and providing servicing activities. Accounts receivable that we sell under the securitization facility are reported in our consolidated financial statements in accordance with relevant authoritative literature. Trade accounts receivable sold under this program are excluded from accounts receivable in our consolidated financial statements.

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In June 2009, the Financial Accounting Standards Board, or FASB, issued authoritative guidance limiting the circumstances in which a financial asset may be derecognized when the transferor has not transferred the entire financial asset or has continuing involvement with the transferred asset. The concept of a QSPE entity, which had previously facilitated sale accounting for certain asset transfers, is removed by this standard. This guidance was effective for us as of January 1, 2010. As a result of the adoption of such guidance, effective January 1, 2010, we consolidate the QSPE and the securitization of accounts receivable related to the QSPE are accounted for as a secured borrowing rather than as a sale. Accordingly, we record accounts receivable and short-term debt related to the securitization facilities as assets and liabilities on our balance sheet. In addition, our statements of income no longer includes securitization activities in revenue. Rather, we report provision for bad debts and interest expense associated with the debt securities issued by the QSPE.

As a result of the implementation of this guidance, at September 30, 2010, we had \$167 million of accounts receivable and short-term debt on our balance sheet. See Note 2 Summary of significant accounting policies to our consolidated financial statements included herein for further details.

Although bad debt and interest associated with our securitization facility were reported in revenue for the periods prior to January 1, 2010, we monitored these costs on a managed basis. The following table presents certain statement of income items adjusted for the impact of the new accounting guidance described above related to our securitization facility.

(in millions)	Nine months ended September 30, 2009						Year ended December 31, 2007					
	As reported	Adjust- ments	As adjusted	As reported	Adjust- ments	As adjusted	As reported	As reported	Adjust- ments	As adjusted	As reported	As adjusted
Net revenue	\$256.8	\$21.4	\$278.2	\$ 354.1	\$ 27.2	\$ 381.3	\$ 341.1	\$ 43.2	\$ 384.3	\$ 264.1	\$ 27.5	\$ 291.6
Processing expense	43.1	17.3	60.4	58.0	21.9	79.9	51.4	27.4	78.8	34.1	11.3	45.4
Interest expense, net	13.0	4.1	17.1	17.4	5.3	22.7	20.3	15.8	36.1	19.7	16.2	35.9

(in millions)	Year ended December 31, 2005					
	As reported	Adjust- ments	As adjusted	As reported	Adjust- ments	As adjusted
Net revenue	\$186.2	\$23.5	\$209.7	\$ 143.4	\$ 16.6	\$ 160.0
Processing expense	26.3	10.4	36.7	18.4	9.6	28.0
Interest expense, net	11.9	13.1	25.0	7.5	7.0	14.5

For periods prior to the year ended December 31, 2005, we did not maintain an asset securitization facility. Our revenue for the years ended December 31, 2004, 2003, 2002 and 2001 equaled \$100.0 million, \$72.6 million, \$43.2 million and \$30.7 million, respectively.

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Managed provision for bad debts as a percentage of gross billed revenue is as follows (dollar amounts in millions):

	Nine months ended September 30, 2009	2009	2008	2007	Year ended December 31, 2006
Provision for bad debt included in:					
Processing expense	\$ 8.1	\$ 10.7	\$ 7.5	\$ 3.7	\$ 4.8
Revenue, net	17.3	21.9	27.4	11.3	10.4
Managed provision for bad debts	25.4	32.6	34.9	15.0	15.2
Managed provision for bad debts as a percentage of gross billed revenue (1)	0.62%	0.56%	0.43%	0.36%	0.43%

- (1) In this table, gross billed revenue represents revenue billed to customers, when our card products are utilized, for which we bear credit risk and includes the costs underlying the transaction (e.g. fuel and lodging). Gross billed revenue is calculated on a one quarter lag. For example, gross billed revenue for the year ended December 31, 2007 is calculated as gross billed revenue for the three months ended December 31, 2006 plus gross billed revenue for the nine month period from January 1, 2007 through September 30, 2007. We believe this calculation better matches our provision for bad debts with the related gross billed revenue. For the nine months ended September 30, 2010 the provision for bad debts was \$15.1 million, or 0.30%, as a percentage of gross billed revenue. Managed provision for bad debts as a percentage of gross billed revenue for the quarters ended March 31, June 30, September 30, and December 31, 2009 was 0.74%, 0.73%, 0.40%, and 0.43%, respectively. Managed provision for bad debt as a percentage of gross billed revenue for the quarters ended March 31, June 30, and September 30, 2010 was 0.32%, 0.32%, and 0.27%, respectively. Managed provision for bad debts as a percentage of billed revenue for the period January 1, 2006 to December 31, 2008 was 0.41%.

Acquisitions

During 2009, we acquired three companies the two largest of which are described below. The results of CLC Group, Inc. and its subsidiaries since the date of acquisition are included within our North American segment. The results of operations for the remaining acquisitions are included in our International segment from their respective dates of acquisition.

In April 2009, we completed the acquisition of all of the outstanding stock of CLC Group, Inc., a provider of lodging management programs based in Wichita, Kansas, which we refer to as the CLC Acquisition in this prospectus. The aggregate purchase price was \$169.1 million, \$161.1 million paid in cash and \$8.0 million paid in the form of our Series E convertible preferred stock. Through this acquisition, we entered the lodging payments business. The consolidated financial statements of CLC Group, Inc. and its subsidiaries for 2008 are included elsewhere in this prospectus and pro forma adjustments to our historical results of operations for the year ended December 31, 2009 and for the nine months ended September 30, 2009, to give effect to the CLC Acquisition as if it occurred on January 1, 2009, are included in this prospectus under the caption Unaudited pro forma condensed consolidated financial information.

In August 2009, we completed the acquisition of all of the outstanding shares of ReD Fuel Cards (Europe) Limited, a fleet card company based in the United Kingdom, which we refer to as the ReD Acquisition in this prospectus. The aggregate purchase price was \$62.9 million (based on the exchange rate on the date of acquisition). As a result of this acquisition, we expanded our commercial fleet card offerings in the United Kingdom and Ireland.

During 2008, we acquired four companies, the three largest of which are discussed below. The results of operations for these acquisitions are included in our International segment from their respective dates of acquisition.

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In March 2008, we completed the acquisition of all of the outstanding shares of Abbey Group (OXON) Limited, a fleet card company based in the United Kingdom, and affiliated entities, for an aggregate purchase price of \$15.0 million (based on the exchange rate on the date of the acquisition).

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In June 2008, we completed the acquisition of all of the outstanding shares of ICP International Card Products B.V., or ICP, a payment transaction processing company based in the Netherlands, for an aggregate cash purchase price of \$5.9 million (based on the exchange rate on the date of the acquisition). As a result of this acquisition, we expanded our processing services for major oil companies in Europe, Asia and Africa.

In July 2008, we completed the acquisition of all of the outstanding shares of Petrol Plus Region, an independent fuel card provider based in Russia, and an affiliated entity, for an aggregate purchase price of \$49.0 million. As a result of this acquisition, we have become the leading independent fuel card company in Russia with additional operations in Poland, Lithuania, Latvia and Estonia.

In April 2007, we completed the acquisition of all of the outstanding shares of Fambo UK Limited, a fuel card company based in the United Kingdom, for an aggregate purchase price of \$34.3 million (based on the exchange rate on the date of the acquisition). The results of operations for this acquisition are included in the consolidated results of operations of our International segment from the date of acquisition.

Results of operations**Year ended December 31, 2009 compared to the year ended December 31, 2008**

The following table sets forth selected consolidated statement of operations data for the years ended December 31, 2009 and 2008 (dollars in millions).

	Year ended December 31, 2009	% of total revenue	Year ended December 31, 2008	% of total revenue	Increase (decrease)	% Change
Revenues, net:						
North America	\$ 227.4	64%	\$ 205.5	60%	\$ 21.9	10.7 %
International	126.7	36%	135.6	40%	(8.9)	(6.6)%
Total revenues, net	354.1	100%	341.1	100%	13.0	3.8 %
Consolidated operating expenses:						
Merchant commissions	39.7	11%	38.5	11%	1.2	3.1 %
Processing	58.0	16%	51.4	15%	6.6	12.8 %
Selling	30.6	9%	23.8	7%	6.8	28.6 %
General and administrative	51.4	15%	47.6	14%	3.8	8.0 %
Depreciation and amortization	28.4	8%	27.3	8%	1.1	4.0 %
Operating income	146.0	41%	152.5	45%	(6.5)	(4.3)%
Other income, net	(.9)	0%	(2.5)	(1)%	1.6	(64.0)%
Interest expense, net	17.3	5%	20.3	6%	(3.0)	(14.8)%
Provision for income taxes	40.5	11%	37.4	11%	3.1	8.3 %
Net income	\$ 89.1	25%	\$ 97.3	29%	\$ (8.2)	(8.4)%
Operating income for segments:						
North America	\$ 91.7	40%	\$ 88.3	43%	\$ 3.4	3.9 %
International	54.3	43%	64.2	47%	(9.9)	(15.4)%

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Operating income	\$	146.0	41%	\$	152.5	45%	\$	(6.5)	(4.3)%
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Operating margin for segments:

North America	40.3%	43.0%	(2.5)%
International	42.9%	47.3%	(4.4)%

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Revenue

Our consolidated revenue increased from \$341.1 million in 2008 to \$354.1 million in 2009, an increase of \$13.0 million, or 3.8%. During 2009, our consolidated revenue was positively impacted by:

acquisitions completed during 2009, which represented an aggregate of \$45.5 million in revenue from their respective dates of acquisition;

acquisitions completed during 2008, which contributed an aggregate of \$7.2 million in revenue in 2009 in excess of revenue recognized in 2008 (excluding the impact of foreign exchange rate fluctuations); and

higher program fees and charges from our existing customers, including the full-year impact of the implementation of a private label contract on our proprietary system, which contributed approximately \$14.9 million of revenue year over year.

During 2009, our consolidated revenue was negatively impacted by a range of factors, including:

the strengthening of the U.S. dollar during 2009, relative to other foreign currencies, which resulted in unfavorable foreign exchange rates as compared to 2008 that reduced our revenue in 2009 by \$18.1 million;

lower transaction volumes during 2009 due primarily to the impact of the economic downturn;

a decrease in the wholesale price of fuel at a higher rate than the retail price of fuel during the second half of 2008, causing the margin between the wholesale cost of fuel and the retail price of fuel to expand beyond historical levels. We believe the differential contributed incremental revenue of approximately \$9 million in 2008 relative to revenue in 2009. Fuel-price spread margins returned to more historical levels in 2009; and

the average retail price of fuel was lower in 2009 as compared to 2008. We believe that the lower average retail price of fuel in 2009 reduced revenue by approximately \$10 million.

North American segment revenue

North American revenue increased from \$205.5 million in 2008 to \$227.4 million in 2009, an increase of \$21.9 million, or 10.7%. The increase in our North American revenue was due primarily to:

the impact of nine months of revenue following the CLC Acquisition in April 2009, the results of which were reported in our results of operations from the date of acquisition and represented \$37.1 million in revenue;

the loss on sales of receivables to the securitization facility, which on a managed basis represents interest on the securitization facility and bad debt expense on the securitized accounts receivable, decreased from \$43.2 million in 2008 to \$27.2 million in 2009, resulting in a lower adjustment to revenue of \$16.0 million in 2009 versus 2008; and

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\$14.9 million in higher program fees and charges from our existing customers, including the full-year impact of the implementation of a private label contract on our proprietary system.

The increase in North American revenue was primarily offset by:

a decrease in the wholesale price of fuel at a higher rate than the retail price of fuel during the second half of 2008, causing the margin between the wholesale cost of fuel and the retail price of fuel to expand beyond historical levels. We believe the differential contributed incremental revenue of approximately \$9 million in 2008 relative to revenue in 2009. Fuel-price spread margins returned to more historical levels in 2009;

the average retail price of fuel was lower in 2009 as compared to 2008. We believe that the lower average retail price of fuel in 2009 reduced revenue by approximately \$10 million; and

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lower transaction volumes, which we believe resulted from the economic downturn.

International segment revenue

International segment revenue decreased from \$135.6 million in 2008 to \$126.7 million in 2009, a decrease of \$8.9 million, or 6.6%. The decrease in International segment revenue was due primarily to the following:

the strengthening of the U.S. dollar during 2009, relative to foreign currencies, which resulted in unfavorable foreign exchange rates that reduced our revenue in 2009 by \$18.1 million; and

lower transaction volumes, which we believe resulted from the economic downturn.

The decrease in International segment revenue was partially offset by:

the full-year impact of acquisitions completed during 2008 and the partial-year impact of acquisitions completed during 2009, which represented an aggregate increase in revenue of \$15.7 million in 2009; and

higher revenue per transaction from our existing card products as compared to 2008.

Consolidated operating expenses

Merchant commissions. Merchant commissions increased from \$38.5 million in 2008 to \$39.7 million in 2009, an increase of \$1.2 million, or 3.1%. This increase was due primarily to acquisitions completed during 2009 which added \$6.2 million in expense, partially offset by the favorable impact of foreign exchange rates of \$3.3 million, and lower transaction volumes by existing customers, which we believe were due to the economic downturn.

Processing. Processing expenses increased from \$51.4 million in 2008 to \$58.0 million in 2009, an increase of \$6.6 million, or 12.8%. This increase was due primarily to the impact of acquisitions completed during 2009 of \$7.7 million and an increase of \$0.5 million for bad debt related to non-securitized accounts receivable due to a higher percentage of uncollectible accounts. These increases were partially offset by the favorable impact of foreign exchange rates of \$1.0 million and lower servicing costs of \$2.4 million due to operating efficiencies.

Selling. Selling expenses increased from \$23.8 million in 2008 to \$30.6 million in 2009, an increase of \$6.8 million, or 28.6%. The increase was due primarily to the impact of acquisitions completed during 2009 of \$3.5 million and additional sales and marketing expense of \$4.1 million to increase sales production. These increases were partially offset by the favorable impact of foreign exchange rates of \$0.7 million.

General and administrative. General and administrative expense increased from \$47.6 million in 2008 to \$51.4 million in 2009, an increase of \$3.8 million, or 8.0%. An increase of \$9.2 million was attributable to acquisitions completed during 2009. This increase was partially offset by the favorable impact of foreign exchange rates of \$3.7 million and operating efficiencies that we believe reduced expenses by \$2.2 million.

Depreciation and amortization. Depreciation and amortization increased from \$27.3 million in 2008 to \$28.4 million in 2009, an increase of \$1.1 million, or 4.0%. An increase of \$5.7 million was attributable to acquisitions completed during 2009 due primarily to the amortization of intangible assets related to customer and vendor relationships, tradenames and trademarks, non-compete agreements and software. This increase was partially offset by the impact of a contract that became fully amortized during 2008 and represented \$5.9 million of additional amortization in 2008.

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Operating income decreased from \$152.5 million in 2008 to \$146.0 million in 2009, a decrease of \$6.5 million, or 4.3%. Our operating margin was 44.7% and 41.2% for 2008 and 2009, respectively. The decrease in operating income and margin from 2008 to 2009 was due primarily to the impact of lower price-spread revenue during 2009 relative to the higher than normal fuel-price spreads experienced during the second half of 2008, the unfavorable impact of foreign exchange rates in 2009 compared to 2008, lower average retail price of fuel in 2009 compared to 2008 and a decrease in transaction volumes as a result of the global economic downturn.

For the purpose of segment operations, we calculate segment operating income by subtracting segment operating expenses from segment revenue. Similarly, segment operating margin is calculated by dividing segment operating income by segment revenue.

North American segment operating income

North American operating income increased from \$88.3 million in 2008 to \$91.7 million in 2009, an increase of \$3.4 million, or 3.9%. North American operating margin was 43.0% and 40.3% for 2008 and 2009, respectively. The increase in operating income from 2008 to 2009 was due primarily to the impact of the CLC Acquisition, which we completed in April 2009, and organic growth in our rate per transaction during 2009 compared to 2008. These factors were partially offset by lower fuel-price spread revenue in 2009 compared to 2008 due to higher than normal fuel-price spreads in the second half of 2008, a lower average retail price of fuel in 2009 compared to 2008 and a decrease in transaction volumes, which we believe resulted from the economic downturn. Operating margin decreased from 2008 to 2009 due primarily to lower fuel-price spread revenue in 2009 as discussed above without a corresponding decrease in our operating expenses. As a result, the higher than normal revenues in 2008 increased operating margin in that year by approximately 3%.

International segment operating income

International operating income decreased from \$64.2 million in 2008 to \$54.3 million in 2009, a decrease of \$9.9 million, or 15.4%. International operating margin was 47.3% and 42.9% for 2008 and 2009, respectively. The decrease in operating income and margin from 2008 to 2009 was due primarily to the impact of foreign exchange rates and lower transaction volumes as a result of the economic downturn. These factors were partially offset by the impact of completed acquisitions during 2009 and the full year impact of the acquisitions completed during 2008.

Other income, net

Other income decreased from \$2.5 million in 2008 to \$0.9 million in 2009, a decrease of \$1.6 million, or 64.0%. The decrease was due primarily to the reversal of a previously-recorded litigation reserve of \$1.1 million in 2008 and losses on foreign currency transactions of \$0.5 million in 2009.

Interest expense, net

Interest expense, net reflects the amount of interest paid on our 2005 Credit Facility and CCS Credit Facility described below under the headings 2005 Credit Facility and CCS Credit Facility, respectively, offset by interest income. Interest expense decreased from \$20.3 million in 2008 to \$17.3 million in 2009, a decrease of \$3.0 million, or 14.8%. The decrease from 2008 to 2009 resulted from lower average interest rates during 2009 than experienced during 2008. The average interest rate (including the effect of interest rate derivatives) on the

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2005 Credit Facility was 5.13% in 2009 versus 6.19% in 2008. The average interest rate on the CCS Credit Facility was 3.81% in 2009 versus 5.82% in 2008.

Provision for income taxes

The provision for income taxes increased from \$37.4 million in 2008 to \$40.5 million in 2009, an increase of \$3.1 million, or 8.3%. The increase from 2008 to 2009 was due primarily to an increase in our effective tax rate from 27.8% in 2008 to 31.3% in 2009. The increase in our effective tax rate was due primarily to the increase in valuation allowances on state net operating losses. As of December 31, 2009, we had net operating loss carryforwards for state income tax purposes of approximately \$53.0 million, which are available to offset future state taxable income through 2021. A valuation allowance was made against our state net operating loss carryforwards, the cumulative effect of which was recognized as an increase in tax expense of approximately \$0.9 million for 2009. Additionally, part of the increase was due to acquisition-related costs, which were expensed for accounting purposes but capitalized for tax purposes, and the mix of earnings between domestic and foreign jurisdictions with differing tax rates.

Net income

For all the reasons discussed above, our net income decreased from \$97.3 million in 2008 to \$89.1 million in 2009, a decrease of \$8.2 million, or 8.4%.

Year ended December 31, 2008 compared to the year ended December 31, 2007

The following table sets forth selected consolidated statement of operations data for the years ended December 31, 2008 and 2007 (dollars in millions).

	Year ended December 31, 2008	% of total revenue	Year ended December 31, 2007	% of total revenue	Increase (decrease)	% change
Revenues, net:						
North America	\$ 205.5	60%	\$ 161.4	61%	\$ 44.1	27.3%
International	135.6	40%	102.7	39%	32.9	32.0%
Total revenues, net	341.1	100%	264.1	100%	77.0	29.2%
Consolidated operating expenses:						
Merchant commissions	38.5	11%	39.4	15%	(.9)	(2.3)%
Processing	51.4	15%	34.1	13%	17.3	50.7%
Selling	23.8	7%	22.6	9%	1.2	5.3%
General and administrative	47.6	14%	42.0	16%	5.6	13.3%
Depreciation and amortization	27.3	8%	20.2	8%	7.1	35.1%
Operating income	152.5	45%	105.8	40%	46.7	44.1%
Other income, net	(2.5)	(1)%	(1.5)	(1)%	(1.0)	66.7%
Interest expense, net	20.3	6%	19.7	7%	.6	3.0%
Provision for income taxes	37.4	11%	26.0	10%	11.4	43.8%
Net income	\$ 97.3	29%	\$ 61.6	23%	\$ 35.7	58.0%

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Operating income for segments:							
North America	\$	88.3	43%	\$	64.6	40%	\$ 23.7 36.7%
International		64.2	47%		41.2	40%	23.0 55.8%
Operating income	\$	152.5	45%	\$	105.8	40%	\$ 46.7 44.1%
Operating margin for segments:							
North America		43.0%			40.0%		2.9%
International		47.3%			40.1%		7.2%

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Revenue

Our consolidated revenue increased from \$264.1 million in 2007 to \$341.1 million in 2008, an increase of \$77.0 million, or 29.2%. During 2008, our consolidated revenue was positively impacted by:

acquisitions of businesses during 2008, which represented an aggregate of \$15.1 million in revenue from their respective dates of acquisition;

acquisitions of businesses and a commercial account portfolio completed during 2007, which contributed an aggregate of \$7.6 million in 2008 in excess of revenue recognized in 2007;

higher program fees and other fees and charges primarily resulting from the full-year impact of a private label contract and higher fees for a number of our commercial account portfolios;

the decrease in the wholesale price of fuel at a higher rate than the retail price of fuel during the second half of 2008, which caused the margin between the wholesale cost of fuel and the retail price of fuel to expand beyond historical levels and which we believe contributed incremental revenue of approximately \$23 million relative to revenue in 2007; and

the average retail price of fuel was higher in 2008 as compared to 2007. We believe that the higher average retail price of fuel in 2008 increased revenue by approximately \$7 million.

Our consolidated revenue was also negatively impacted during 2008 by lower transaction volumes which we believe resulted from the economic downturn.

North American segment revenue

Revenue increased from \$161.4 million in 2007 to \$205.5 million in 2008, an increase of \$44.1 million, or 27.3%. The increase in revenue was due primarily to:

higher program fees and other fees and charges primarily as a result of the full-year impact of a private label contract and higher fees in a number of our commercial account portfolios of \$43.7 million;

incrementally higher fuel-price spread revenue of approximately \$23 million during 2008 relative to 2007; and

the average retail price of fuel was higher in 2008 as compared to 2007. We believe that the higher average retail price of fuel in 2008 increased revenue by approximately \$7 million.

The increase in North America revenue was partially offset by:

a change in the loss on sales of receivables to the securitization facility (on a managed basis we view the loss as interest on the securitization facility and bad debt expense on the securitized accounts receivable) resulting in a higher adjustment to revenue of \$15.7 million in 2008; and

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lower transaction volumes during 2008, which we believe resulted from the economic downturn.

International segment revenue

Revenue increased from \$102.7 million in 2007 to \$135.6 million in 2008, an increase of \$32.9 million, or 32.0%. The increase in revenue was due primarily to:

acquisitions completed during 2008 plus the full-year impact of acquisitions completed during 2007, which represented an aggregate of \$22.7 million in revenue in 2008;

higher transaction volumes and revenue per transaction from our existing card products as compared to 2007; and

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the weakening of the U.S. dollar during 2008, relative to certain foreign currencies, which resulted in favorable foreign exchange rates that increased our revenue in 2008 by \$8.6 million.

Consolidated operating expenses

Merchant commissions. Merchant commissions decreased from \$39.4 million in 2007 to \$38.5 million in 2008, a decrease of \$0.9 million, or 2.3%. The decrease was attributable primarily to lower transaction volumes that incurred merchant commissions.

Processing. Processing expense increased from \$34.1 million in 2007 to \$51.4 million in 2008, an increase of \$17.3 million, or 50.7%. The increase from 2007 to 2008 was due primarily to the implementation of a new private label contract of \$4.3 million, the impact of four completed acquisitions during 2008 and the full-year impact of acquisitions completed during 2007 of \$5.1 million, and additional credit/collections department expense of \$3.5 million.

Selling. Selling expense increased from \$22.6 million in 2007 to \$23.8 million in 2008, an increase of \$1.2 million, or 5.3%. The increase resulted from the impact of acquisitions completed in 2007 and 2008 of \$2.0 million.

General and administrative. General and administrative expense increased from \$42.0 million in 2007 to \$47.6 million in 2008, an increase of \$5.6 million, or 13.3%. The increase was due primarily to the impact of acquisitions completed in 2007 and 2008 of \$4.4 million, additional stock-based compensation expense of \$1.5 million and increased acquisition related expenses. These increases were partially offset by cost saving initiatives of \$1.9 million.

Depreciation and amortization. Depreciation and amortization increased from \$20.2 million in 2007 to \$27.3 million in 2008, an increase of \$7.1 million, or 35.1%. The increase was due primarily to acquisitions completed during 2008, which increased depreciation and amortization by \$1.5 million and the amortization of the premium attributable to the purchase of a new private label portfolio of \$1.5 million. Amortization expense increased as a result of our amortization of intangible assets related to customer and vendor relationships, intellectual property and software. In addition, during 2008, we accelerated the amortization of a private label contract of \$2.2 million.

Operating income and operating margin for segments

Consolidated operating income

Operating income increased from \$105.8 million in 2007 to \$152.5 million in 2008, an increase of \$46.7 million, or 44.1%. Our operating margin was 40.0% and 44.7% for 2007 and 2008, respectively. The increase in operating income from 2007 to 2008 resulted from a number of factors, the most significant of which included the completion of four acquisitions during 2008 and the full-year impact of three acquisitions completed during 2007, higher price-spread revenue as a result of higher than normal fuel-price spreads in the second half of 2008 compared to 2007, higher average retail price of fuel in 2008 as compared to 2007 and organic growth in the business. In addition, the impact of higher fuel spread revenue in 2008 increased operating margins compared to 2007.

North American segment operating income

North American operating income increased from \$64.6 million in 2007 to \$88.3 million in 2008, an increase of \$23.7 million, or 36.7%. The North American operating margin was 40.0% and 43.0% for 2007 and 2008, respectively. The increase in operating income from 2007 to 2008 resulted from a number of factors, the most significant of which related to higher fuel price-spread revenue as a result of higher than normal fuel-price

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spreads in the second half of 2008 compared to 2007, higher average retail price of fuel in 2008 as compared to 2007 and organic growth in our business. In addition, the impact of higher fuel price-spread revenue in 2008 increased operating margins.

International segment operating income

International operating income increased from \$41.2 million in 2007 to \$64.2 million in 2008, an increase of \$23.0 million, or 55.8%. International operating margin was 40.1% and 47.3% for 2007 and 2008, respectively. The increase in operating income from 2007 to 2008 was due primarily to acquisitions completed during 2008 and the full-year impact of acquisitions completed during 2007, favorable foreign currency exchange rates in 2008 versus 2007 and organic growth in our business. Operating margins were also positively impacted during 2008 by the economies of scale gained through the integration of acquired companies into our existing business.

Other income, net

Other income increased from \$1.5 million in 2007 to \$2.5 million in 2008, an increase of \$1.0 million, or 66.7%. The increase was due primarily to the reversal of a previously recorded litigation reserve of \$1.1 million in 2008.

Interest expense, net

Interest expense increased from \$19.7 million in 2007 to \$20.3 million in 2008, an increase of \$0.6 million, or 3.0%. The increase from 2007 to 2008 resulted from additional borrowings of \$50.0 million under our 2005 Credit Facility. The increase in interest associated with the increased borrowing was offset by lower average interest rates in 2008 on the 2005 Credit Facility. The average interest rate (including the effect of interest rate derivatives) on the 2005 Credit Facility was 6.19% in 2008 versus 7.72% in 2007. The average interest rate on the CCS Credit Facility was 5.82% in 2008 versus 5.15% in 2007.

Provision for income taxes

The provision for income taxes increased from \$26.0 million in 2007 to \$37.4 million in 2008, an increase of \$11.4 million, or 43.8%. The increase was due primarily to higher income before taxes of \$134.7 million in 2008 compared to \$87.6 million in 2007. Our consolidated effective tax rate for 2008 was 27.8% as compared to 29.7% for 2007. The decrease in our effective tax rate was due primarily to a reduction in our reserve for uncertain tax positions in certain foreign jurisdictions, a reduction in the statutory tax rate in certain foreign jurisdictions and the mix of earnings between domestic and foreign jurisdictions.

Net income

For all the reasons discussed above, our net income increased from \$61.6 million in 2007 to \$97.3 million in 2008, an increase of \$35.7 million, or 58.0%.

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The following table sets forth selected consolidated statement of operations data for the nine months ended September 30, 2010 and 2009 (dollars in thousands).

	Nine months ended September 30, 2010	% of Revenue	Nine months ended September 30, 2009	% of Revenue	Increase (Decrease)	% Change
Revenues, net:						
North America	\$ 219,447	67%	\$ 167,002	65%	\$ 52,445	31.4%
International	107,847	33%	89,759	35%	18,088	20.2%
Total revenues, net	327,294	100%	256,761	100%	70,533	27.5%
Consolidated operating expenses:						
Merchant commissions	39,549	12%	28,860	11%	10,689	37.0%
Processing	52,608	16%	43,099	17%	9,509	22.1%
Selling	23,155	7%	21,470	8%	1,685	7.8%
General and administrative	40,025	12%	38,251	15%	1,774	4.6%
Depreciation and amortization	25,238	8%	20,235	8%	5,003	24.7%
Operating Income	146,719	45%	104,846	41%	41,873	39.9%
Other income, net	(767)	0%	(369)	0%	(398)	107.9%
Interest expense, net	16,352	5%	13,023	5%	3,329	25.6%
Provision for income taxes	40,752	12%	28,088	11%	12,664	45.1%
Net income	\$ 90,382	28%	\$ 64,104	25%	\$ 26,278	41.0%
Operating income for segments:						
North America	\$ 95,185	43.4%	\$ 65,978	39.5%	\$ 29,207	44.3%
International	51,534	47.8%	38,868	43.3%	12,666	32.6%
Operating income	\$ 146,719	44.8%	\$ 104,846	40.8%	\$ 41,873	39.9%
Operating margin for segments:						
North America	43.4%		39.5%		3.9%	
International	47.8%		43.3%		4.5%	

Revenue

Our consolidated revenue increased from \$256.8 million in the nine months ended September 30, 2009 to \$327.3 million in the nine months ended September 30, 2010, an increase of \$70.5 million, or 27.5%. The increase in revenue was primarily due to the following:

during the nine months ended September 30, 2010, our total revenue increased by \$21.4 million as a result of the adoption of authoritative accounting guidance related to our asset securitization facility as further discussed in Note 2 Summary of significant accounting policies ;

acquisitions completed during 2009, which increased revenue by \$10.9 million in the first nine months of 2010;

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increased volume and higher program fees and charges from our existing customers, which increased revenue in the nine months ended September 30, 2010 by approximately \$37.7 million; and

the weakening of the U.S. dollar during the nine months ended September 30, 2010, relative to other foreign currencies, which resulted in favorable foreign exchange rates as compared to the nine months ended September 30, 2009, which increased our revenue in the nine months ended September 30, 2010 by \$0.6 million.

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North American segment revenue

North American segment revenue increased from \$167.0 million in the nine months ended September 30, 2009 to \$219.4 million in the nine months ended September 30, 2010, an increase of \$52.4 million, or 31.4%. The increase was primarily due to the following:

during the nine months ended September 30, 2010, our total revenue increased by \$21.4 million as a result of the adoption of authoritative accounting guidance related to our asset securitization facility as further discussed in Note 2 Summary of significant accounting policies ;

an acquisition completed in April 2009 which added approximately \$11.6 million in revenue for the nine months ended September 30, 2010, which was offset by a decrease of \$12.0 million related to the fulfillment of a contract which expired;

\$30.1 million in higher program fees and charges from our existing customers; and

higher transaction volumes, which we believe resulted from the economic recovery.

International segment revenue

International segment revenue increased from \$89.8 million in the nine months ended September 30, 2009 to \$107.8 million in the nine months ended September 30, 2010, an increase of \$18.1 million, or 20.2%. The increase in International segment revenue was due primarily to the following:

the impact of acquisitions completed during 2009, which represented an increase in revenue of \$11.3 million in the nine months ended September 30, 2010;

the weakening of the U.S. dollar during the nine months ended September 30, 2010, relative to foreign currencies, which resulted in favorable foreign exchange rates that increased our revenue in the nine months ended September 30, 2010 by \$0.6 million; and

higher revenue per transaction from our existing card products as compared to the nine months ended September 30, 2009.

Consolidated operating expenses

Merchant commissions. Merchant commissions increased from \$28.9 million in the nine months ended September 30, 2009 to \$39.5 million in the nine months ended September 30, 2010, an increase of \$10.7 million, or 37.0%. This increase was due primarily to organic growth in certain payment programs.

Processing. Processing expense increased from \$43.1 million in the nine months ended September 30, 2009 to \$52.6 million in the nine months ended September 30, 2010, an increase of \$9.5 million, or 22.1%. During the nine months ended September 30, 2010, our processing expenses increased by \$17.3 million as a result of the adoption of authoritative accounting guidance related to our asset securitization facility as further discussed in Note 2 Summary of significant accounting policies and the impact of acquisitions completed during 2009 which added \$3.2 million in processing expense in the nine months ended September 30, 2010. Partially offsetting these increases was lower bad debt in our existing businesses of \$10.3 million.

Selling. Selling expense increased from \$21.5 million in the nine months ended September 30, 2009 to \$23.2 million in the nine months ended September 30, 2010, an increase of \$1.7 million, or 7.8%. The increase was due primarily to the impact of acquisitions completed during 2009 of \$0.3 million and organic growth in certain payment programs.

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General and administrative. General and administrative expense increased from \$38.3 million in the nine months ended September 30, 2009 to \$40.0 million in the nine months ended September 30, 2010, an increase of \$1.8 million, or 4.6%. The increase was primarily due to the impact of acquisitions completed during 2009 of \$0.2 million, an unfavorable impact of foreign exchange rates of \$0.8 million and an investment in increased head count to support new business development.

Depreciation and amortization. Depreciation and amortization increased from \$20.2 million in the nine months ended September 30, 2009 to \$25.2 million in the nine months ended September 30, 2010, an increase of \$5.0 million, or 24.7%. An increase of \$1.3 million was attributable to the impact of the amortization of intangible assets related to customer and vendor relationships, tradenames and trademarks, non-compete agreements and software associated with acquisitions completed during 2009. The increase in depreciation is also related to the depreciation of a new operating system put into service during 2009.

Operating income and operating margin

Consolidated operating income

Operating income increased from \$104.8 million in the nine months ended September 30, 2009 to \$146.7 million in the nine months ended September 30, 2010, an increase of \$41.9 million, or 39.9%. Our operating margin was 40.8% and 44.8% for the nine months ended September 30, 2009 and 2010, respectively. The increase in operating income and margin during these periods was due primarily to a favorable impact of foreign exchange rates in the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009, acquisitions completed during 2009 that carried a higher operating margin than our existing businesses, lower bad debt expense and an increase in revenue per transaction in our existing businesses.

For the purpose of segment operations, we calculate segment operating income by subtracting segment operating expenses from segment revenue. Similarly, segment operating margin is calculated by dividing segment operating income by segment revenue.

North American segment operating income

North American operating income increased from \$66.0 million in the nine months ended September 30, 2009 to \$95.2 million in the nine months ended September 30, 2010, an increase of \$29.2 million, or 44.3%. North American operating margin was 39.5% and 43.4% for the nine months ended September 30, 2009 and 2010, respectively. The increase in operating income and margins during these periods was due primarily to the impact of the CLC Acquisition, which closed in April 2009 and carried a higher operating margin than our existing businesses, and organic growth in our rate per transaction during the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009.

International segment operating income

International operating income increased from \$38.9 million in the nine months ended September 30, 2009 to \$51.5 million in the nine months ended September 30, 2010, an increase of \$12.7 million, or 32.6%. International operating margin was 43.3% and 47.8% for the nine months ended September 30, 2009 and 2010, respectively. The increase in operating income and margin during these periods was due primarily to the impact of completed acquisitions during the nine months ended September 30, 2009, the impact of foreign exchange rates and an increase in rate per transaction resulting from organic growth and the loss of a high transaction, low revenue contract during the nine months ended September 30, 2010.

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Other income, net

Other income increased from \$0.4 million in the nine months ended September 30, 2009 to \$0.8 million in the nine months ended September 30, 2010, an increase of \$0.4 million, or 107.9%.

Interest expense, net

Interest expense, net reflects the amount of interest paid on our 2005 Credit Facility and CCS Credit Facility net of interest income. Interest expense increased from \$13.0 million in the nine months ended September 30, 2009 to \$16.4 million in the nine months ended September 30, 2010, an increase of \$3.3 million, or 25.6%. During the nine months ended September 30, 2010, our interest expense increased by \$4.1 million as a result of the adoption of authoritative accounting guidance related to our asset securitization facility as further discussed in Note 2 Summary of significant accounting policies, and higher average interest rates on the 2005 Credit Facility. These increases were partially offset by higher interest income, the impact of lower principal balances on both the 2005 Credit Facility and the CCS Credit Facility and lower average interest rates on the CCS Credit Facility. The average interest rate (including the effect of interest rate derivatives) on the 2005 Credit Facility was 5.80% in the nine months ended September 30, 2010 versus 5.31% in the nine months ended September 30, 2009. The average interest rate on the CCS Credit Facility was 2.67% in the nine months ended September 30, 2010 versus 3.76% in the nine months ended September 30, 2009.

Provision for income taxes

The provision for income taxes increased from \$28.1 million in the nine months ended September 30, 2009 to \$40.8 million in the nine months ended September 30, 2010, an increase of \$12.7 million, or 45.1%. We provide for income taxes during interim periods based on an estimate of our effective tax rate for the year. Discrete items and changes in the estimate of the annual tax rate are recorded in the period they occur. Our effective tax rate for the nine months ended September 30, 2010 was 31.1% as compared to 30.5% for the nine months ended September 30, 2009. The increase in the effective tax rate was primarily due to a change in the mix of earnings between the United States and Europe. We pay taxes in many different taxing jurisdictions, including the United States, most U.S. states and many non-U.S. jurisdictions. The tax rates in non-U.S. taxing jurisdictions are lower than the U.S. tax rate. Consequently, as our earnings fluctuate between taxing jurisdictions our effective tax rate fluctuates.

Net income

For all the reasons discussed above, our net income increased from \$64.1 million in the nine months ended September 30, 2009 to \$90.4 million in the nine months ended September 30, 2010, an increase of \$26.3 million, or 41.0%.

Table of Contents**Index to Financial Statements****Quarterly results of operations**

The following table sets forth our selected unaudited quarterly consolidated statement of income data for each of the eight quarters in the two-year period ended September 30, 2010. This information is derived from our unaudited financial statements, which in the opinion of management contain all adjustments necessary for a fair statement of such financial data. The results of historical periods are not necessarily indicative of the results of operations for any future period. You should read this data together with our consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

(in millions)	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	Quarter ended December 31, 2008
Revenues, net	\$ 111.7	\$ 111.4	\$ 104.2	\$ 97.3	\$ 100.6	\$ 88.1	\$ 68.1	\$ 91.3
Operating income	49.1	50.6	47.1	41.2	47.9	33.9	23.1	32.0
Net income	33.4	29.6	27.3	24.9	29.9	20.8	13.4	22.4

Liquidity and capital resources

Our principal liquidity requirements are to service and repay our indebtedness, make acquisitions of businesses and commercial account portfolios and meet working capital, tax and capital expenditure needs.

Sources of liquidity

At September 30, 2010, our unrestricted cash and cash equivalent balance totaled \$110.8 million. Our restricted cash balance at September 30, 2010 totaled \$65.9 million. Restricted cash represents customer deposits, primarily in the Czech Republic, which we are restricted from using other than to repay customer deposits and which may not be deposited outside of the Czech Republic.

We utilize an accounts receivable securitization facility to finance a majority of our domestic fuel card receivables, to lower our cost of funds and more efficiently use capital. We generate and record accounts receivable when a customer makes a purchase from a merchant using one of our card products and generally pay merchants within seven days of receiving the merchant billing. As a result, we utilize the asset securitization facility as a source of liquidity to provide the cash flow required to fund merchant payments while we collect customer balances. These balances are primarily composed of charge balances, which are typically billed to the customer on a weekly, semimonthly or monthly basis, and are generally required to be paid within 30 days of billing. We also consider the undrawn amounts under our securitization facility and 2005 Credit Facility as funds available for working capital purposes or for acquisitions. At September 30, 2010, we had the ability to generate approximately \$80.8 million of additional liquidity under our securitization facility and \$50.0 million available under the 2005 Credit Facility.

Based on our current forecasts and anticipated market conditions, we believe that our current cash balances, our available borrowing capacity and our ability to generate cash from operations, will be sufficient to fund our liquidity needs for at least the next 12 months. However, we regularly evaluate our cash requirements for current operations, commitments, capital requirements and acquisitions, and we may elect to raise additional funds for these purposes in the future, either through the issuance of debt and equity securities or otherwise. We may not be able to obtain additional financing on terms favorable to us, if at all.

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Cash flows

The following table summarizes our cash flows for the years ended December 31, 2009, 2008 and 2007 and for the nine months ended September 30, 2010 and 2009.

(in millions)	Nine months ended September 30,			Year ended	
	2010	2009	2009	December 31,	2007
				2008	
Net cash provided by operating activities	\$ 106.9	\$ 150.2	\$		