FLEETCOR TECHNOLOGIES INC
Form 10-K
March 25, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2010

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 001-35004

FLEETCOR TECHNOLOGIES, INC.

DELAWARE	**72-1074903**
(STATE OF INCORPORATION)	**(I.R.S. ID)**

655 Engineering Drive, Suite 300, Norcross, Georgia 30092-2830

(770) 449-0479

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

COMMON STOCK, $0.001 PAR VALUE PER SHARE	**NEW YORK STOCK EXCHANGE**

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

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

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

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

As of June 30, 2010, the registrant s common stock was not listed on any exchange or over-the-counter market. The registrant s common stock began trading on the New York Stock Exchange on December 15, 2010. As of December 31, 2010, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was $747,260,615 based on the closing sale price as reported on the New York Stock Exchange. As of February 7, 2011, there were 79,985,116 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on May 24, 2011 are incorporated by reference into Part III.

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Note About Forward-Looking Statements

This report 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. In some cases, we have identified such forward-looking statements with typical conditional words such as anticipate, intend, believe, estimate, plan, seek, project or expect, may, will, 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 report in Item 1A, Risk factors, and Item 7, 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 report 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.

PART I

ITEM 1. BUSINESS

General

FleetCor is a leading independent global provider of specialized payment products and services to businesses, commercial fleets, major oil companies, petroleum marketers and government entities in 18 countries in North America, Europe, Africa and Asia. Our payment programs enable our customers 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 2010, we processed more than 196 million transactions 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. 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.

We market our payment products directly to a broad range of commercial fleet customers, including vehicle fleets of all sizes and government fleets. Among these customers, we provide our products and services predominantly to small and medium commercial fleets. We believe these fleets represent an attractive segment of the global commercial fleet market given their relatively high use of less efficient payment products, such as cash and general purpose credit cards. We also manage commercial fleet card programs for major oil companies, such as British Petroleum (BP) (including its subsidiary Arco), Chevron and Citgo, and over 800 petroleum marketers.

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These companies collectively maintain hundreds of thousands of end-customer relationships with commercial fleets. We refer to these major oil companies and petroleum marketers with whom we have strategic relationships as our partners.

FleetCor s predecessor company was organized in the United States in 1986.

Our products and services

We sell a range of customized fleet and lodging payment programs directly and indirectly through partners, such as major oil companies and petroleum marketers. 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. We support these cards with specialized issuing, processing and information services that enable us to manage card accounts, facilitate the routing, authorization, clearing and settlement of transactions, and provide value-added functionality and data including customizable card-level controls and productivity analysis tools. Depending on our customer s and partner s needs, we provide these services in a variety of outsourced solutions ranging from a comprehensive end-to-end solution (encompassing issuing, processing and network services) to limited back office processing services. In addition, we offer a telematics solution in Europe that combines global positioning, satellite tracking and other wireless technology to allow fleet operators to monitor the capacity utilization and movement of their vehicles and drivers. Approximately 8.5% of our revenue during the year ended December 31, 2010 came from our lodging and telematics products.

Networks

In order to deliver our payment programs and services, we own and operate six proprietary closed-loop networks in North America and internationally. In other geographies we utilize the networks of our major oil and petroleum marketer partners. Our networks have well-established brands in local markets and proprietary technology that enable us to capture, transact, analyze and report value-added information pertinent to managing and controlling employee spending. Our networks include:

North American proprietary closed-loop networks

Fuelman network our primary proprietary fleet card network in the United States. We have negotiated card acceptance and settlement terms with over 11,000 individual merchants, providing the Fuelman network with more than 40,000 fueling sites and nearly 24,000 maintenance sites across the country.

Corporate Lodging Consultants network (CLC) our proprietary lodging network in the United States and Canada. The CLC Lodging network covers more than 17,000 hotels across the United States and Canada.

Commercial Fueling Network (CFN) our members only unattended fueling location network in the United States and Canada. The CFN network is composed of approximately 2,800 fueling sites, each of which is owned by a CFN member, and the majority of which are unattended cardlock facilities. The CFN membership base is comprised of approximately 280 independent petroleum marketers. Our members join CFN to provide network access to their fleet customers and benefit from fleet card volume generated by our other members fleet customers fueling at their locations.

International proprietary closed-loop networks

Keyfuels network our primary proprietary fleet card network in the United Kingdom. We have negotiated card acceptance and settlement terms with approximately 490 individual merchants, providing the Keyfuels network with over 1,500 fueling sites.

CCS network our primary proprietary fleet card network in the Czech Republic and Slovakia. We have negotiated card acceptance and settlement terms with several major oil companies on a brand-wide basis, including Agip, Benzina, OMV and Shell, and with approximately 520 other merchants, providing the CCS network with over 2,176 fueling sites and 500 other sites accepting our cards.

Petrol Plus Region (PPR) network our primary proprietary fleet card network in Russia, Poland, Ukraine, Belarus, Lithuania, Estonia and Latvia. We have negotiated card acceptance and settlement terms with over 700 individual merchants, providing the PPR network with approximately 6,800 fueling sites across the region.

Third-Party networks

In addition to our proprietary closed-loop networks, we also utilize various third-party networks to deliver our payment programs and services. These networks include:

MasterCard network In the United States, we issue corporate cards that utilize the MasterCard payment network, which includes 165,000 fuel sites and 400,000 maintenance locations across the country. Our co-branded MasterCard corporate cards have additional purchasing capabilities and can be accepted at over 27 million locations worldwide. We market these cards to customers who require card acceptance beyond our proprietary merchant locations. The MasterCard network delivers the ability to capture value-added transaction data at the point-of-sale and allows us to provide customers with fleet controls and reporting comparable to those of our proprietary fleet card networks.

Major oil and fuel marketer networks The proprietary networks of branded locations owned by our major oil and petroleum marketer partners in both North America and internationally are generally utilized to support the proprietary, branded card programs of these partners.

UTA network UNION TANK Eckstein GmbH & Co. KG (UTA) operates a network of over 43,000 fleet card-accepting locations across 38 countries throughout Europe, including more than 28,000 fueling sites. The UTA network is generally utilized by European transport companies that travel between multiple countries.

Customers and distribution channels

We provide our products and services primarily to fleet customers and our major oil company and petroleum marketer partners. Our commercial fleet customers are businesses that operate fleets comprised of one or more vehicles, including small fleets (1-10 vehicles), medium fleets (11-150 vehicles), large fleets (over 150 vehicles), and government fleets (which are owned and operated by governments). We also provide services through strategic relationships with our partners, ranging in size from major oil companies, such as British Petroleum (BP) (including its subsidiary, Arco), Chevron and Citgo, to small petroleum marketers with a single fueling location. While we refer to companies with whom we have strategic relationships as partners, our legal relationships with these companies are contractual, and do not constitute legal partnerships.

We distribute our products and services directly to fleet customers as well as through our major oil company and petroleum marketer partners. We provide comprehensive end-to-end support for our direct card programs that include issuing, processing and network services. We manage and market the fleet card programs of our partners under our partners own brands. We support these programs with a variety of business models ranging from fully outsourced card programs, which include issuing, processing and network services, to card programs where we may only provide limited back office processing services. These supporting services vary based on our partners needs and their own card program capabilities.

We primarily provide issuing, processing and information services to our major oil company partners, as these partners utilize their proprietary networks of branded locations to support their card programs. In addition, we provide network services to those major oil company partners who choose to offer a co-branded MasterCard as part of their card program. 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. During the year ended December 31, 2010, our top three strategic relationships with major oil companies represented in the aggregate approximately 22%, 18% and 14% of our consolidated revenue for the years ended December 31,

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2010, 2009 and 2008, respectively. No single partner represented more than 10% of our consolidated revenue in these periods other than one partner, Chevron, which represented approximately 11% of our consolidated revenue for the year ended December 31, 2010.

We provide similar products and services to government fleet customers as we provide to other commercial fleet customers. Our government fleet customers generally constitute local, state or federal government-affiliated departments and agencies with vehicle fleets, such as police vehicle fleets and school bus fleets. For a description of our financial information by our North American and International segments and geographical areas, see Note 16 Segments.

Sales and marketing

We market our products and services to fleet operators in North America and internationally through multiple channels including field sales, telesales, direct marketing, point-of-sale marketing and the internet. We also leverage the sales and marketing capabilities of our strategic relationships with over 800 oil companies, petroleum marketers, card marketers and leasing companies. As of December 31, 2010, we employed approximately 319 sales and marketing employees worldwide that are focused on acquiring new customers for all of our direct business card programs, as well as select card programs for oil companies and petroleum marketers. We also utilize tradeshows, advertising and other awareness campaigns to market our products and services.

In marketing our products and services, we emphasize the size and reach of our card acceptance networks, the benefits of our purchasing controls and reporting functionality and a commitment to high standards of customer service. We utilize proprietary and third-party databases to develop our prospect universe, and segment those prospects by various characteristics, including industry, geography, fleet size and credit score, to identify potential customers. We develop customized offers for different types of potential customers and work to deliver those offers through the most effective marketing channel. We actively manage prospects across our various marketing channels to optimize our results and avoid marketing channel conflicts.

Our primary means of acquiring new customers include:

Field sales Our direct sales team includes approximately 137 field sales representatives, as of December 31, 2010, who conduct face-to-face sales presentations and product demonstrations with prospects, assist with post-sale program implementation and training and provide in-person account management. Our field sales force generally targets fleets with 15 or more vehicles or cards. Field sales representatives also attend and manage our marketing at tradeshows.

Telesales We had approximately 137 telesales representatives handling inbound and outbound sales calls as of December 31, 2010. Our inbound call volume is primarily generated as a result of referrals, direct marketing, point-of-sale marketing and the internet. Our outbound phone calls typically target fleets that have expressed an initial interest in our services or have been identified through database analysis as prospective customers. Our telesales teams generally target fleets with 15 or fewer vehicles or cards. We also leverage our telesales channel to cross-sell additional products to existing customers.

Direct marketing We market directly to potential fleet customers via mail and email. We test various program offers and promotions, and adopt the most successful features into subsequent direct marketing initiatives. We seek to enhance the sales conversion rates of our direct marketing efforts by coordinating timely follow-up calls by our telesales teams.

Point-of-sale marketing We provide marketing literature at the point-of-sale within our proprietary networks and those of major oil companies and petroleum marketers. Literature may include take-one applications, pump-top advertising and in-store advertising. Our point-of-sale marketing leverages the branding and distribution reach of the physical merchant locations.

Internet marketing We manage numerous marketing websites around the world. Our marketing websites tend to fall into two categories: product-specific websites and marketing portals.

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Product-specific websites Our product-specific websites, including fuelman.com, cfnnet.com, checkinncard.com and keyfuels.co.uk, focus on one or more specific products, provide the most in-depth information available online regarding those particular products, allow prospects to apply for cards online (where appropriate) and allow customers to access and manage their accounts online. We manage product-specific websites for our own proprietary card programs as well as card programs of select oil companies and petroleum marketers.

Marketing portals Our marketing portals, including fleetcardsUSA.com and fuelcards.co.uk, serve as information sources for fleet operators interested in fleet card products. In addition to providing helpful information on fleet management, including maintenance, tax reporting and fuel efficiency, these websites allow fleet operators to research card products, compare the features and benefits of multiple products, and identify the card product which best meets the fleet manager s needs. Our exclusive FleetMatch technology matches an operator s information, including fleet size, geographic span of operations and fuel type usage, to the benefits and features of our various fleet card products and provides a customized product recommendation to the fleet manager.

As part of our internet marketing strategy, we monitor and modify our marketing websites to improve our search engine rankings and test our advertising keywords to optimize our pay-per-click advertising spend among the major internet search firms such as Google and Yahoo.

Strategic relationships We have developed and currently manage relationships with over 800 oil companies, independent petroleum marketers, card marketers and leasing companies. Our major oil company and petroleum marketer relationships offer our payment processing and information management services to their fleet customers in order to establish and enhance customer loyalty. Our card programs for major oil companies and petroleum marketers carry their proprietary branding and may or may not be accepted in one of our merchant networks. We benefit from the marketing efforts of major oil companies and petroleum marketers with whom we have strategic relationships to attract customers to their fueling locations. We manage the fleet card sales and marketing efforts for several major oil companies across the full spectrum of channels, including field sales, telesales, direct marketing, point-of-sale marketing and internet marketing. In these cases, we establish dedicated sales and marketing teams to focus exclusively on marketing the products of major oil companies and petroleum marketers. Our major oil company relationships include some of the world s largest oil companies such as BP, Chevron and Citgo. Through our leasing company relationships, we offer our payment processing and information management services to their fleet customers as part of the leasing company s broader package of fleet services. Our leasing company relationships all reside outside of North America, and we view these relationships as an important strategic growth area.

Account management

Customer service, account activation, account retention. We provide account management and customer services with approximately 358 service professionals as of December 31, 2010. Based in dedicated call centers across our key markets, these professionals handle transaction authorizations, billing questions and account changes. Customers also have the opportunity to self-service their accounts through interactive voice response and online tools. We monitor the quality of the service we provide to our customers by adhering to industry standard service levels with respect to abandon rates and answer times and through regular agent call monitoring. We also conduct regular customer surveys to ensure customers are satisfied with our products and services. In addition to our base customer service support, we provide the following specialized services:

Welcome and activation We have dedicated teams that contact and welcome our new customers. These teams focus on successful activation and utilization of our new customers and provide training and education on the use of our products and services.

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Strategic account management We assign designated account managers who serve as the single point of contact for our large fleets. Our account managers have in-depth knowledge of our programs and our customers operations and objectives. Our account managers train fleet operators and support them on the operation and optimal use of our programs, oversee account setup and activation, review online billing and create customized reports. Our account managers also prepare periodic account reviews, provide specific information on trends in their accounts and work together to identify and discuss major issues and emerging needs of large fleets.

Account retention We have proprietary, proactive strategies to contact customers who may be at risk of terminating their relationship with us. Through these strategies we seek to address service concerns, enhance product structures and provide customized solutions to address customer issues.

Merchant network services Our representatives work with merchants such as fuel and vehicle maintenance providers to enroll them in one of our proprietary networks, install and test all network and terminal software and hardware and train them on the sale and transaction authorization process. In addition, our representatives provide transaction analysis and site reporting and address settlement issues.

Credit underwriting and collections. We follow detailed application credit review, account management, and collections procedures for all our fleet customers. We use multiple levers including billing frequency, payment terms, spending limits and security to manage risk in our portfolio.

New account underwriting. We use a combination of quantitative, third-party credit scoring models and judgmental underwriting to screen potential customers and establish appropriate credit terms and spend limits. Our underwriting process provides additional scrutiny for large credit amounts and we utilize tiered credit approval authority among our management.

Prepaid and secured accounts. We also offer products and services on a prepaid or fully-secured basis. Prepaid customer accounts are funded with an initial deposit and subsequently debited for each purchase transacted on the cards issued to the customer. Fully-secured customer accounts are funded with an initial deposit equal to the anticipated purchase volume for a given timeframe. The deposit is held until such time as the customer either fails to pay the account or closes its account after paying outstanding amounts. Under either approach, our prepaid and fully-secured offerings allow us to market to a broader universe of prospects, including customers who might otherwise not meet our credit standards.

Monitoring and account management. We have developed proprietary fraud detection programs to monitor transactions and prevent misuse of our products. We monitor the credit quality of our portfolio monthly utilizing external credit scores and internal behavior data to identify high risk or deteriorating credit quality accounts. We conduct targeted strategies to minimize exposure to high risk accounts, including reducing spending limits and payment terms or requiring additional security.

Collections. As accounts become delinquent, we may suspend future transactions based on our risk assessment of the account. Our collections strategy includes a combination of internal and outsourced resources which use both manual and dialer-based calling strategies. We use a segmented collection strategy which prioritizes higher risk and higher balance accounts. For severely delinquent, high balance accounts we may pursue legal remedies from time to time.

Competition

We face considerable competition in our business. 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 believe that we generally compete favorably with respect to each of these factors. However, we may experience competitive disadvantages with respect to each 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.

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We compete with independent fleet card providers, providers of card outsourcing services and major financial services companies as well as major oil companies and petroleum marketers that issue their own fleet cards. We also compete with providers of alternative payment mechanisms, such as financial institutions that issue corporate and consumer credit cards, and merchants offering house accounts as well as other forms of credit. Our primary independent fleet card competitors are Wright Express Corporation, Comdata Corporation and U.S. Bank Voyager Fleet Systems Inc. in North America and Arval UK Group Limited (a subsidiary of BNP Paribas) internationally.

Technology

Our technology provides continuous authorization of transactions, processing of critical account and client information and settlement between merchants, issuing companies and individual commercial entities. We recognize the importance of state-of-the-art, secure, efficient and reliable technology in our business and have made significant investments in our applications and infrastructure. In 2010, we spent more than $18 million in capital and operating expenses to operate, protect and enhance our technology and we expect to spend a similar amount in 2011.

Our technology function comprises approximately 124 employees, as of December 31, 2010, based in the United States and Europe with expertise in the management of applications, transaction networks and infrastructure. We operate application development centers in the United States, United Kingdom, Netherlands, Russia and Czech Republic. Our distributed application architecture allows us to maintain, administer and upgrade our systems in a cost-effective and flexible manner. We integrate our systems with third-party vendor applications for certain products, sales and customer relationship management and back-office support. Our technology organization has undertaken and successfully executed large scale projects to develop or consolidate new systems, convert oil company and petroleum marketer systems and integrate acquisitions while continuing to operate and enhance existing systems.

Our technology infrastructure is supported by best-in-class, highly-secure data centers, with redundant locations. We operate three primary data centers, located in Atlanta, Georgia, Prague, Czech Republic and Las Vegas, Nevada. We use only proven, client-server technology and have no foreseeable capacity limitations. Our systems meet the highest standards for security with multiple industry certifications. Our network is configured with multiple layers of security to isolate our databases from unauthorized access. We use sophisticated security protocols for communication among applications, and our employees access critical components on a need-only basis. As of December 31, 2010, we have not experienced any breaches in network, application or data security.

We maintain up-to-date disaster recovery and business continuity plans. Our telecommunications and internet systems have multiple levels of redundancy to ensure reliability of network service. In 2010, we experienced 99.99% up-time for authorizations.

Proprietary processing systems

We operate several proprietary processing systems that provide the features and functionality to run our card programs, including our card issuing, processing and information services. Our processing systems also integrate with our proprietary networks, which provide brand awareness and connectivity to our acceptance locations that enables the end-to-end card acceptance, data capture and transaction authorization capabilities of our card programs. Our proprietary processing systems are tailored to meet the unique needs of the individual markets they serve.

Intellectual property

Our intellectual property is an essential element of our business. We use trademark, copyright, trade secret and other intellectual property laws and confidentiality agreements to protect our intellectual property. We own trademark registrations supporting a number of our brands, such as FleetCor®, Fuelman®, FleetNet®, FleetCards

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USA®, CFN®, and Mannatec® in the United States. We also own trademark registrations in various European jurisdictions for a number of our brands, such as Keyfuels®, The Fuelcard Company®, CCS®, iMonitor® and Transit Card®. Our employees involved in technology development in some of the countries in which we operate, including the United States, are required to sign agreements acknowledging that all intellectual property created by them on our behalf is owned by us. We also have stringent internal policies regarding the protection, disclosure and use of our confidential information.

Regulatory

A substantial number of laws and regulations apply to businesses offering payment cards to customers or processing or servicing such cards. These laws generally apply only to consumer cards, which are cards used to make purchases for personal, family or household purposes. Because our payment cards are limited to purchases for business purposes only, they are typically classified as commercial cards which are generally not subject to many of the laws and regulations applicable to consumer cards. However, our business is still subject to significant regulation, and the following is a description of certain United States federal and state laws and regulations and certain laws and regulations of other jurisdictions applicable to our business.

Federal Trade Commission Act

The Federal Trade Commission Act empowers the Federal Trade Commission (the FTC) to regulate unfair methods of competition and unfair or deceptive acts or practices affecting commerce. While this power generally applies only to consumers, the FTC has sometimes taken enforcement action on behalf of small business owners in certain circumstances. We also may be subject to state laws and regulations that generally prohibit engaging in unfair and deceptive business practices, which may extend to small businesses. Other countries in which we operate also regulate unfair and deceptive practices in a similar manner.

Truth in Lending Act

The Truth in Lending Act, or TILA, which is implemented by the Federal Reserve s Regulation Z, was enacted to increase consumer awareness of the cost of credit. Most provisions of Regulation Z apply only to the extension of consumer credit, but a limited number of provisions apply to commercial cards, including a provision providing that, in cases where ten or more credit cards are issued by a card issuer for use by the employees of an organization, the organization, to which credit is extended, may agree to liability imposed on the organization for unauthorized use without regard to Regulation Z limitations. Our cardholder agreements generally provide that the customer agrees that if it has been issued ten or more cards at its request, then the customer waives to the fullest extent possible all limitations on liability for unauthorized use of the cards.

Equal Credit Opportunity Act

The Equal Credit Opportunity Act, which is implemented by the Federal Reserve s Regulation B, prohibits creditors from discriminating when extending credit on certain prohibited bases such as an applicant s sex, race, nationality and marital status, and further requires that creditors disclose the reasons they took any adverse action against an applicant or a customer.

The Fair Credit Reporting Act

The Fair Credit Reporting Act of 1970, or FCRA, regulates the disclosure and use of consumer reports by consumer reporting agencies. We are permitted to obtain consumer reports with respect to an individual who guarantees or otherwise is obligated on a commercial card.

FACT Act

The Fair and Accurate Credit Transactions Act of 2003, or the FACT Act, amended certain provisions of FCRA applicable to consumer reports generally not applicable to business credit. However, the FACT Act included provisions that require creditors to adopt Identity Theft Prevention Programs to detect, prevent and mitigate

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identity theft, including detecting identity theft red flags, in connection with covered accounts, which can include business purpose accounts for which there is a reasonably foreseeable risk of identity theft (the Red Flags Rules). Enforcement of the Red Flags Rules by the FTC took effect January 1, 2011.

Bank Secrecy Act

We are subject to certain provisions of the Currency and Foreign Transactions Reporting Act and the accompanying regulations issued by the U.S. Department of the Treasury, or the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, or the Patriot Act. The Patriot Act contains a wide variety of provisions aimed at fighting terrorism and money laundering. Among other things, the Bank Secrecy Act, as amended by the Patriot Act, requires financial services providers to establish anti-money laundering programs that meet certain standards, including, in some instances, expanded reporting and enhanced information gathering and recordkeeping requirements. We maintain anti-money laundering controls designed to prevent our network from being used for money laundering or terrorist financing purposes. Other countries in which we operate have also enacted laws or regulations regarding anti-terrorism and money laundering.

Credit Card Accountability Responsibility and Disclosure Act of 2009

The Credit Card Accountability Responsibility and Disclosure Act of 2009, or the Credit CARD Act, was adopted on May 22, 2009 and amended certain provisions of the TILA and Regulation Z generally not applicable to business purpose cards. However, the Credit CARD Act directs the Federal Reserve to conduct a study of credit card use by small businesses, and not later than 12 months after enactment to provide a report to Congress including recommendations for administrative or legislative initiatives to provide protections for credit card plans for small businesses, as appropriate. Any changes in credit card rules applicable to small businesses resulting from the study and recommendations, if any, may affect our small business customer card plans.

Dodd-Frank Wall Street Reform and Consumer Protection Act

In July 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Reform Act. The Reform Act is comprehensive in scope and contains a wide array of provisions intending to govern the practices and oversight of financial institutions and other participants in the financial markets. The focus of the Reform Act is consumer protection oriented; our principal business in the United States, however, is business purpose charge cards which do not currently appear to be the focus of the reforms. For instance, among other matters, the law creates a new independent Consumer Financial Protection Bureau, which will regulate consumer credit across the U.S. economy. The Bureau will have broad rulemaking and enforcement authority over providers of credit, savings, payment and other consumer financial products and services. It is unknown how this new bureau will exercise its authority. Many provisions of the Reform Act require the adoption of rules to implement. Proposed regulations have not been published. Accordingly, the ultimate consequences of the Reform Act and its implementing regulations on our business, results of operations and financial condition are uncertain at this time.

State usury laws

Some of our card products may be deemed to involve commercial purpose loans. Most state laws provide that money cannot be lent at an interest rate in excess of a certain statutory maximum. This usury limit may act as a ceiling on interest to cardholders for the extension of credit. These limits are often different for consumer cards and commercial cards. Because we have substantial operations in multiple jurisdictions, and we utilize choice of law provisions in our cardholder agreements, we have flexibility as to the laws of which jurisdiction to apply. In addition, the interest rates on certain of our card products are set based upon the usury limit of the cardholder s state. With respect to card products where we work with a partner or issuing bank, the partner bank may utilize the law of the jurisdiction applicable to the bank and exports the usury limit of that state in connection with cards issued to residents of other states or we may use our choice of law provisions.

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Payment card industry rules

Partner banks issuing payment cards bearing the MasterCard brand, and FleetCor to the extent it provides certain services in connection with those cards and fleet customers acting as merchants accepting those cards, must comply with the bylaws, regulations and requirements that are promulgated by MasterCard and other applicable payment card organizations, including the Payment Card Industry Data Security Standard developed by MasterCard and Visa, the MasterCard Site Data Protection Program, and any other applicable bank card data security program requirements.

Other regulations

We are subject to U.S. federal and state data security and breach notification laws and regulations, as well as data protection laws in the foreign countries in which we operate. We are also subject to bankruptcy and debtor relief laws that can affect our ability to collect amounts owed to us.

Employees and labor relations

As of December 31, 2010, we employed approximately 1,197 employees, approximately 664 of whom were located in the United States. None of our employees are subject to a collective bargaining agreement. We consider our employee relations to be good and have never experienced a work stoppage.

Additional Information

Our website address is www.fleetcor.com. You may obtain free electronic copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to such reports required to be filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, at our website under the headings Investor Relations SEC Filings.

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ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the members of our board of directors and our executive officers, with their respective ages as of December 31, 2010. Our officers serve at the discretion of our board of directors. There are no family relationships between any of our directors or executive officers.

Name	Age	Position(s)
Executive Officers:		
Ronald F. Clarke	55	President, Chief Executive Officer and Chairman of the Board of Directors
Eric R. Dey	51	Chief Financial Officer
Todd W. House	39	President U.S. Direct Business and Chief Operating Officer
Van E. Huff	49	Chief Information Officer
Robert P. Brandes	50	Executive Vice President Global Business Products
John S. Coughlin	43	Executive Vice President Corporate Development
Jeffrey D. Lamb	53	Executive Vice President Global Strategy and U.S. Sales and Marketing
William J. Schmit	54	President North American Partner Business
Timothy J. Downs	53	President Corporate Lodging Consultants
Charles Freund	38	President Developing Markets
Andrew R. Blazye	52	Chief Executive Officer FleetCor Europe

Ronald F. Clarke has been our President and Chief Executive Officer since August 2000 and was appointed Chairman of our board of directors in March 2003. From 1999 to 2000, Mr. Clarke served as President and Chief Operating Officer of AHL Services, Inc., a staffing firm. From 1990 to 1998, Mr. Clarke served as chief marketing officer and later as a division president with Automatic Data Processing, Inc., a computer services company. From 1987 to 1990, Mr. Clarke was a principal with Booz Allen Hamilton, a global management consulting firm. Earlier in his career, Mr. Clarke was a marketing manager for General Electric Company, a diversified technology, media, and financial services corporation.

Eric R. Dey has been our Chief Financial Officer since November 2002. From October 2000 to October 2002, Mr. Dey served as Chief Financial Officer of NCI Corporation, a call center company. From July 1999 to October 2000, Mr. Dey served as Chief Financial Officer of Leisure Time Technology, a software development/manufacturing company. On March 16, 2001, Leisure Time Technology filed a petition for bankruptcy under the federal bankruptcy laws. From 1994 to 1999, Mr. Dey served as Corporate Controller with Excel Communications, a telecommunications service provider. From 1984 to 1994, Mr. Dey held a variety of financial and accounting positions with PepsiCo, Inc., a global beverage, snack and food company.

Todd W. House has been our President U.S. Direct Business since December 2010 and our Chief Operating Officer since April 2009. From July 2007 to April 2009, Mr. House held various positions, including Chief Financial Officer, with Axiant, LLC, a provider of financial services and recovery management solutions. From April 2005 to July 2007, Mr. House was Vice President and Chief Credit Officer with Carmax, Inc., an automobile retailer. From August 1993 to April 2005, Mr. House was Vice President Credit Risk Management with Capital One Financial Corp., a financial services company. On November 20, 2009, Axiant, LLC filed a petition for bankruptcy under the federal bankruptcy laws.

Van E. Huff has been our Chief Information Officer since October 2004. From August 1984 to October 2004, Mr. Huff served in various positions, including as Senior Vice President IT for First Data Corporation, a provider of electronic commerce and payment solutions.

Robert P. Brandes has been with us since June 2002. Mr. Brandes was named our Executive Vice President Global Business Products effective December 2010. From September 2009 to December 2010, Mr. Brandes served as our President Universal Fleet Cards. Mr. Brandes served as Senior Vice President Product Management from December 2008 to September 2009, Senior Vice President Co-Brand from January 2007 to December 2008 and Vice President Marketing from June 2002 to January 2007.

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John S. Coughlin has served as our Executive Vice President Corporate Development since September 2010. From 2007 to 2010, Mr. Coughlin served as a Managing Director at PCG Capital Partners, a private equity firm. From 2005 to 2006, Mr. Coughlin served as Chief Executive Officer of NCDR LLC (dba Kool Smiles), a private equity owned national dental practice management company. From 1994 to 2005, Mr. Coughlin was with The Parthenon Group, a strategic advisory and principal investment firm, where he was a Senior Partner and the founder and head of the firm s San Francisco office.

Jeffrey D. Lamb joined us in December 2010 and serves as our Executive Vice President Global Strategy and U.S. Sales and Marketing. In July 2005, Mr. Lamb co-founded Socius Capital, LLC, an independent financial sponsor and management company to small and medium-sized businesses, and served as its Managing Director until December 2010. Since December 2008, Mr. Lamb has served on the Board of Managers of Wazee Companies, LLC, an electrical repair and maintenance service provider. Between July 2006 and March 2009, Mr. Lamb served on the Board of Directors of On the Scene Productions, Inc., a video production company for the public relations industry. Mr. Lamb also served as the Chief Executive Officer of On the Scene Productions, Inc. between July 2006 and February 2008. On the Scene Productions, Inc. filed its voluntary petition for bankruptcy liquidation under the U.S. Bankruptcy Code in October 2009. From 2001 to 2004, Mr. Lamb was Senior Director of Worldwide Marketing for the service division of Sun Microsystems, Inc. (acquired by Oracle Corporation in January 2010), a provider of network computing infrastructure solutions.

William J. Schmit, Jr. has served as our President Major Oil Card Programs since November 2005. From April 1999 to November 2005, Mr. Schmit served as our Senior Vice President Private Label Programs.

Timothy J. Downs joined us as President Corporate Lodging Consultants in connection with our acquisition of CLC Group, Inc. in April 2009. Prior to joining us, Mr. Downs held various positions with Corporate Lodging Consultants, including Vice President Technology from May 1999 to September 2004 and as Executive Vice President Operations from September 2004 to April 2009.

Charles Freund was named our President Developing Markets effective December 2010 and has been with us since 2000. From January 2009 to December 2010, Mr. Freund served as our Senior Vice President Corporate Strategy. Mr. Freund served as our Managing Director The Fuelcard Company UK Limited from June 2006 to December 2008. Prior to June 2006, Mr. Freund served as our Vice President of Business Development.

Andrew R. Blazye has served as our Chief Executive Officer FleetCor Europe, since July 2007. From April 2006 to June 2007, Mr. Blazye was a Group Director for Dunnhumby Ltd., a research firm. From September 1980, to March 2006, Mr. Blazye held various positions with Shell International Ltd., a subsidiary of Royal Dutch Shell plc, a global energy company, including Global Payments General Manager.

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ITEM 1A. RISK FACTORS

You should carefully consider the following risks applicable to us. If any of the following risks actually occur, our business, operating results, financial condition and the trading price of our common stock could be materially adversely affected. 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 Note Regarding Forward-Looking Statements in this report.

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 2010, approximately 19.1% of our consolidated revenue was directly influenced by the absolute price of fuel. In this annual report, 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 21.4% of our consolidated revenue in 2010 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 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.

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 52.6% of our consolidated revenue on a managed basis from these fees and charges during the year ended December 31, 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.

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 2010, our top three strategic relationships with major oil companies accounted for approximately 22% of our consolidated revenue. In the year ended December 31, 2010, one partner, Chevron, accounted for approximately 11% of our consolidated revenue. Two of our partners each represented greater than 5% of our consolidated revenue during 2010. 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 ten 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.

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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.

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.

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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 December 31, 2010, we had approximately $313.8 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;
- 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.

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, 2010, approximately 33.7% of our revenue was denominated in currencies other than the U.S. dollar (primarily Czech koruna, Russian ruble 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

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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;
- 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.

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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.

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.

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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;
- 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.

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 53.6% of our total assets at December 31, 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 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 $36.9 million of our consolidated revenue for the year ended December 31, 2010. 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 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. The Office of Fair Trading has issued a statement of objections, which we are responding to. 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 2.6% of our 2010 revenue 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 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.

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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 ownership of our common stock

Our stock price will likely be volatile and may decline in value.

The market price of our common stock may fluctuate substantially as a result of many factors, some of which are beyond our control. 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;
- 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.

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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 principal stockholders have a controlling influence over our business affairs.

Our principal stockholders and their affiliates beneficially own or control, directly or indirectly, 54,814,868 shares of our common stock, which in the aggregate represents approximately 69% 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 our other stockholders. For example, 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.

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 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.

We have 475 million shares of common stock authorized and at December 31, 2010 had 79,655,213 shares of common stock outstanding. Of these shares, 14,576,250 shares are freely tradable. We, our executive officers and directors, and certain stockholders (subject to certain limited exceptions) have entered into agreements with the underwriters for our initial public offering not to sell or otherwise dispose of shares of our common stock until after June 12, 2011, 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 54,274,868 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 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.

We are 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.

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 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;
- 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.

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In addition, our certificate of incorporation prohibits 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.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our fiscal year 2010 that remain unresolved.

ITEM 2. PROPERTIES

We lease all of the real property used in our business, except as noted below. The following table lists each of our material facilities and its location, use and approximate square footage.

Facility	Use	Approximate size
United States		***Square Feet***
Norcross, Georgia	Corporate headquarters and operations	57,300
Covington, Louisiana	Accounting, treasury, merchant authorization	13,600
Houston, Texas	Credit and collections	15,000
Carlsbad, California	Customer support	3,900
Concord, California	Customer support	7,100
San Mateo, California	CFN operations and customer support	9,200
Wichita, Kansas	CLC operations and customer support	31,100
Europe		
Prague, Czech Republic	CCS headquarters, operations, customer service and sales	55,000
Doetinchem, Netherlands	Customer support and card processing	2,700
Kaliningrad, Russia	PPR sales and customer support	1,400
Moscow, Russia	PPR headquarters, sales, customer support, operations, credit and collections	20,000
Kaliningrad, Russia	Baltics/Poland sales and customer support	1,400
Smolensk, Russia	Sales, customer support and operations	600
Vilnius, Lithuania	Credit and collections	800
Warsaw, Poland	Sales and credit and collections	500
Ipswich, United Kingdom(1)	Operations, sales and customer support	17,900
Knaresborough, United Kingdom	Operations, sales and customer support	5,100
London, United Kingdom	Europe headquarters	2,800
Walsall, United Kingdom	Operations, sales and customer support	9,500

(1) We own a freehold interest in this facility.

We also lease a number of minor additional facilities, including local sales offices, small storage facilities and a small number of service stations in the United Kingdom. We believe our facilities are adequate for our needs for at least the next 12 months. We anticipate that suitable additional or alternative facilities will be available to accommodate foreseeable expansion of our operations.

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ITEM 3. LEGAL PROCEEDINGS

We are not currently party to any legal proceedings or governmental inquiries or investigations that we consider to be material. We are and may become, however, subject to lawsuits from time to time in the ordinary course of our business. We are currently involved in 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. The Office of Fair Trading has issued a statement of objections, which we are responding to. 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.

ITEM 4. RESERVED

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the New York Stock Exchange (NYSE) under the symbol FLT . Shares of our common stock commenced trading on December 15, 2010. On March 10, 2011, there were 193 registered holders of record of our common stock and the closing price of our common stock was $30.25. The high and low common stock sales prices per share were as follows:

Quarter Ended	December 31, 2010
High	**$ 31.43**
Low	**$ 24.50**

DIVIDENDS AND SHARE REPURCHASES

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. During the three months ended December 31, 2010, we did not repurchase any of our equity securities.

PERFORMANCE GRAPH

The following graph assumes $100 invested on December 15, 2010, at the closing price ($27.25) of our common stock on our first day of trading, and compares (a) the percentage change of our cumulative total stockholder return on the common stock (as measured by dividing (i) the difference between our share price at the end and the beginning of the period presented by (ii) the share price at the beginning of the periods presented) with (b) (i) the Russell 2000 Index and (ii) the S&P 500® Data Processing & Outsourced Services.

Index	*Period Beginning* 12/15/2010	*Period Ending* 12/31/2010
FleetCor Technologies, Inc.	$ 100.00	$ 113.47
Russell 2000	$ 100.00	$ 102.07
S&P Data Processing and Outsourced Services	$ 100.00	$ 95.81

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RECENT SALES OF UNREGISTERED SECURITIES

Prior to registration of the common stock issued under our equity compensation plans, common stock issued under our equity compensation plans was unregistered, in reliance upon the exemption provided in Rule 701 of the Securities Act of 1933, as amended. During 2010, prior to registration: we granted stock options to purchase an aggregate of 3,725,078 shares of our common stock at exercise prices ranging from $20.00 to $23.00 per share to employees under our equity compensation plans; we issued and sold an aggregate of 137,832 shares of our common stock to employees and directors upon payment of approximately $649,216 pursuant to exercises of options granted under our equity compensation plans; and we issued 1,212,084 shares, net of forfeitures, of our restricted stock to our employees and directors.

USE OF PROCEEDS FROM REGISTERED SECURITIES

On December 14, 2010, our registration statement on Form S-1 (File No. 333-166092) became effective, and on December 20, 2010, we completed an initial public offering of 14,576,250 shares of our common stock at an initial public offering price of $23.00 per share for an aggregate offering price of $335 million. Our common stock began trading on the New York Stock Exchange under the symbol FLT on December 15, 2010. J.P. Morgan Securities LLC and Goldman, Sachs & Co. acted as joint book-running managers of our initial public offering and as representatives of the underwriters. Barclays Capital Inc. and Morgan Stanley & Co. Incorporated also acted as joint book-running managers. PNC Capital Markets LLC, Raymond James & Associates, Inc., and Wells Fargo Securities, LLC acted as co-managers. The shares sold in our initial public offering included shares that were subject to the underwriters over-allotment option, which was exercised by the underwriters on December 16, 2010.

Of the shares sold in our initial public offering, 14,145,289 shares were sold by selling stockholders and 430,961 shares were sold by us. Proceeds to us, after deducting underwriting discounts and other offering expenses of $4.3 million payable by us, were $5.5 million. We used $2.9 million of the net proceeds to repay a portion of our outstanding term loans under our 2005 Credit Facility. We used the remaining net proceeds for working capital and other general corporate purposes.

ITEM 6. SELECTED FINANCIAL DATA

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

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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 report. Our historical results are not necessarily indicative of the results to be expected in any future period.

(in thousands, except per share data)	2010	2009	2008	2007	2006
Consolidated statement of income data(1):					
Revenues, net	$ 433,841	$ 354,073	$ 341,053	$ 264,086	$ 186,209
Expenses:					
Merchant commissions	49,050	39,709	38,539	39,358	32,784
Processing	69,687	57,997	51,406	34,060	26,388
Selling	32,731	30,579	23,778	22,625	19,464
General and administrative	78,135	51,375	47,635	41,986	23,175
Depreciation and amortization	33,745	28,368	27,240	20,293	12,571
Operating income	170,493	146,045	152,455	105,764	71,827
Other, net	(1,319)	(933)	(2,488)	(1,554)	39
Interest expense, net	20,532	17,363	20,256	19,735	11,854
Total other expense	19,213	16,430	17,768	18,181	11,893
Income before income taxes	151,280	129,615	134,687	87,583	59,934
Provision for income taxes	43,384	40,563	37,405	25,998	21,957
Net income	$ 107,896	$ 89,052	$ 97,282	$ 61,585	$ 37,977
Earnings per share:					
Earnings per share, basic	$ 3.00	$ 2.17	$ 2.60	$ 1.59	$ 1.15
Earnings per share, diluted	1.34	1.13	1.35	.86	.57
Weighted average shares outstanding, basic	35,434	33,802	33,033	31,885	31,311
Weighted average shares outstanding, diluted	80,751	78,854	71,913	71,720	66,660

	As of December 31,				
(in thousands)	2010	2009	2008	2007	2006
Consolidated balance sheet data:					
Cash and cash equivalents	$ 114,804	$ 84,701	$ 70,355	$ 68,864	$ 18,191
Restricted cash(2)	62,341	67,979	71,222	76,797	64,016
Total assets	1,484,118	1,209,545	929,062	875,106	657,925
Total debt	469,413	351,551	370,747	341,851	255,032
Total stockholders equity	625,945	474,049	273,264	192,009	158,482

(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) Restricted cash represents customer deposits repayable on demand.

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ITEM 7. 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 report. 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 Item 1A Risk Factors appearing elsewhere in this report. 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 report, when we refer to consolidated revenue, the provision for bad debts and interest expense on a managed basis, such amounts have been adjusted for the impact of the new accounting guidance related to our securitization facility as further discussed below. 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 businesses, commercial fleets, major oil companies, petroleum marketers and government entities in 18 countries in North America, Europe, Africa and Asia. Our payment programs enable our customers 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 2010, we processed more than 196 million transactions 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 acquisitions of businesses and commercial account portfolios. Our corporate headquarters are located in Norcross, Georgia. As of December 31, 2010, we employed approximately 1,197 employees, approximately 664 of whom were located in the United States.

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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 report, we refer to this net revenue as revenue. For the years ended December 31, 2010, 2009, and 2008, our North American and International segments generated the following revenue:

	Year ended December 31,					
	2010		2009		2008	
(dollars in millions)	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
North America	$ 287.8	66.3%	$ 227.4	64.2%	$ 205.5	60.2%
International	146.0	33.7%	126.7	35.8%	135.6	39.8%
	$ 433.8	100.0%	$ 354.1	100.0%	$ 341.1	100.0%

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 47.4% of our revenue during 2010 was derived from our merchant and network relationships.

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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 programs include other fees and charges associated with late payments and based on customer credit risk. Approximately 52.6% of our revenue during 2010 was derived from customer and partner program fees and charges.

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

	Year ended December 31,		
	2010	**2009**	**2008**
Transactions (in millions)			
North America	147.3	143.5	149.5
International	48.9	49.7	39.9
Total transactions	196.2	193.2	189.4
Revenue per transaction			
North America	$ 1.95	$ 1.58	$ 1.37
International	2.99	2.55	3.40
Consolidated revenue per transaction	2.21	1.83	1.80

From 2009 to 2010 transactions increased from 193.2 million to 196.1 million, an increase of 2.9 million or 1.5%. We experienced an increase in transactions in our North American segment due primarily to the full year impact of our acquisition of CLC Group, Inc., in April 2009, and organic growth in certain payment programs. We experienced a decrease in transactions in our International segment due to the wind down of a partner contract in Europe, inherited from an acquisition, which we chose not to renew. This partner had a high number of transactions and very little revenue. This decrease in transactions was offset by the full year impact of acquisitions completed in 2009 and new acquisitions in 2010.

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.

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

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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 2008 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 $1.83 in 2009 to $2.21 in 2010. During 2010, our consolidated revenue per transaction was positively impacted by:

- revenue increased by $27.2 million or $0.14 per transaction as a result of the adoption of Authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of Significant Accounting Policies ;
- the wind down of a partner contract in Europe which carried a high number of transactions and very little revenue;
- the average retail price of fuel in 2010 was higher than the average retail price of fuel in 2009, which resulted in an increase in our 2010 revenue per transaction; and
- higher program fees and charges from our existing customers.

During 2010, our consolidated revenue per transaction was negatively impacted by a range of factors, including the strengthening of the U.S. dollar during 2010, relative to other foreign currencies, which resulted in unfavorable foreign exchange rates that reduced our 2010 revenue per transaction.

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.

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.

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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 revenue from several sources, including fees paid to us based on a percentage of each customer s total purchase. We believe that in 2010, 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.

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 21.4% of our consolidated revenue on a managed basis in 2010 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 ruble, the Canadian dollar and the Euro relative to the U.S. dollar. Approximately 66.3% of our revenue in 2010 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 2011 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 accounts receivable 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.

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 consolidated the QSPE and the securitization of accounts receivable related to the QSPE is 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 include 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, effective January 1, 2010, we recorded a $218.0 million increase in accounts receivable and a $218.0 million increase in current liabilities. See Note 2 Summary of significant accounting policies to our consolidated financial statements included herein for further details.

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Although, bad debt and interest associated with our securitization facility were reported in revenue for 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.

	Year ended December 31,					
	2009			2008		
(in millions)	As reported	Adjustments	As adjusted	As reported	Adjustments	As adjusted
Net revenue	$ 354.1	$ 27.2	$ 381.3	$ 341.1	$ 43.2	$ 384.3
Processing expense	58.0	21.9	79.9	51.4	27.4	78.8
Interest expense, net	17.4	5.3	22.7	20.3	15.8	36.1

Managed provision for bad debts as a percentage of gross billed revenue for the years ended December 31 is as follows (dollar amounts in millions):

	2009	2008
Provision for bad debt included in:		
Processing expense	$ 10.7	$ 7.5
Revenue, net	21.9	27.4
Managed provision for bad debts	32.6	34.9
Managed provision for bad debts as a percentage of gross billed revenue(1)	0.56%	0.43%

(1) In this table, gross billed revenue represents revenue billed to customers 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, 2009 is calculated as gross billed revenue for the three months ended December 31, 2008 plus gross billed revenue for the nine month period from January 1, 2009 through September 30, 2009. We believe this calculation better matches our provision for bad debts with the related gross billed revenue.

Acquisitions

During 2010, we consummated three acquisitions, which were not, individually or in the aggregate, material to our results of operations. 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 report. 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.

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 report. 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.

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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.

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).

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.

Results of operations

Year ended December 31, 2010 compared to the year ended December 31, 2009

The following table sets forth selected consolidated statement of operations data for the years ended December 31, 2010 and 2009

	Year ended December 31, 2010	% of total revenue	Year ended December 31, 2009	% of total revenue	Increase (decrease)	% Change
Revenues, net:						
North America	$ 287.8	66.3%	$ 227.4	64.2%	$ 60.4	26.6%
International	146.0	33.7%	126.7	35.8%	19.3	15.2%
Total revenues, net	433.8	100.0%	354.1	100.0%	79.7	22.5%
Consolidated operating expenses:						
Merchant commissions	49.1	11%	39.7	11%	9.4	23.7%
Processing	69.7	16%	58.0	16%	11.7	20.2%
Selling	32.7	8%	30.6	9%	2.1	6.9%
General and administrative	78.1	18%	51.4	15%	26.7	51.9%
Depreciation and amortization	33.7	8%	28.4	8%	5.3	18.7%
Operating income	170.5	39%	146.0	41%	24.5	16.8%
Other income, net	(1.3)	0%	(0.9)	0%	(0.4)	44.4%
Interest expense, net	20.5	5%	17.3	5%	3.2	18.5%
Provision for income taxes	43.4	10%	40.5	11%	2.9	7.2%
Net income	$ 107.9	25%	$ 89.1	25%	$ 18.8	21.1%
Operating income for segments:						
North America	$ 103.5	36%	$ 91.7	40%	$ 11.8	12.9%
International	67.0	46%	54.3	43%	12.7	23.4%

Operating income	$ 170.5	39%	$ 146.0	41%	$ 24.5	16.8%
Operating margin for segments						
North America	36.0%		40.3%		(4.4)%	
International	45.9%		42.9%		3.0%	

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Revenue

Our consolidated revenue increased from $354.1 million in 2009 to $433.8 million in 2010, an increase of $79.7 million, or 22.5%. During 2010, our consolidated revenue was positively impacted by the following:

- our total revenue increased by $27.2 million as a result of the adoption of authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of Significant Accounting Policies ;
- acquisitions completed during 2009, which contributed an aggregate of $9.3 million in revenue in 2010 in excess of revenue recognized in 2009 (excluding the impact of foreign exchange rate fluctuations);
- the average retail price of fuel was higher in 2010 as compared to 2009, which we believed added $4.5 million in revenue in 2010; and
- higher program fees and charges from our existing customers.

During 2010, our consolidated revenue was negatively impacted by a range of factors, including the strengthening of the U.S. dollar during 2010, relative to other foreign currencies, which resulted in unfavorable foreign exchange rates as compared to 2009 that reduced our revenue in 2010 by $1.0 million.

North American segment revenue

North American revenue increased from $227.4 million in 2009 to $287.8 million in 2010, an increase of $60.4 million, or 26.6%. The increase in our North American revenue was due primarily to:

- revenue increased by $27.2 million as a result of the adoption of authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of significant accounting policies ;
- a decrease in the wholesale price of fuel at a higher rate than the retail price of fuel during 2010, causing the margin between the wholesale cost of fuel and the retail price of fuel to expand, which we believed added $4.1 million in revenue in 2010;
- the average retail price of fuel was higher in 2010 as compared to 2009, which we believed added $0.5 million in revenue in 2010; and
- higher program fees and charges from our existing customers.

International segment revenue

International segment revenue increased from $126.7 million in 2009 to $146.0 million in 2010, an increase of $19.3 million, or 15.2%. The increase in International segment revenue was due primarily to the following:

- the average retail price of fuel was higher in 2010 as compared to 2009, which we believed added $4.0 million in revenue in 2010;

acquisitions completed during 2009, which contributed an aggregate of $9.5 million in revenue in 2010 in excess of revenue recognized in 2009 (excluding the impact of foreign exchange rate fluctuations); and

higher program fees and charges from our existing customers.

The increase in International revenue was primarily offset by:

the strengthening of the U.S. dollar during 2010, relative to foreign currencies, which resulted in unfavorable foreign exchange rates that reduced our revenue in 2010 by $1.0 million;

an increase in the wholesale price of fuel at a higher rate than the retail price of fuel during 2010, causing the margin between the wholesale cost of fuel and the retail price of fuel to shrink, which we believed decreased revenue by $5.2 million in revenue in 2010; and

lower transaction volumes, which resulted primarily from the wind down of a partner contract in Europe, inherited from an acquisition, which we chose not to renew.

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Consolidated operating expenses

General and administrative. General and administrative expense increased from $51.4 million in 2009 to $78.1 million in 2010, an increase of $26.7 million, or 51.9%. The increase was primarily due to a one-time compensation charge of $23.8 million recorded in the fourth quarter of 2010 associated with our initial public offering and the vesting of restricted stock and stock options in connection with this liquidity event. Additional increases in expense are attributable to fees associated with procuring Sarbanes-Oxley compliance and stock compensation expense related to the issuance of additional shares during the year.

Merchant commission. Merchant commissions increased from $39.7 million in 2009 to $49.1 million in 2010, an increase of $9.4 million, or 23.7%. This increase was due primarily to higher wholesale market spreads which impact merchant commissions, as well as higher volumes in those revenue streams where merchant commissions are paid.

Processing. Processing expenses increased from $58.0 million in 2009 to $69.7 million in 2010, an increase of $11.7 million, or 20.2%. Our processing expenses increased by $21.9 million as a result of the adoption of authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of Significant Accounting Policies . This increase was offset by a decrease of $13.7 million for bad debt due to a lower percentage of uncollectible accounts.

Selling. Selling expenses increased from $30.6 million in 2009 to $32.7 million in 2010, an increase of $2.1 million, or 6.9%. The increase was due primarily to additional sales and marketing expense to increase sales production.

Depreciation and amortization. Depreciation and amortization increased from $28.4 million in 2009 to $33.7 million in 2010, an increase of $5.3 million, or 18.7%. An increase of $3.2 million was attributable to acquisitions completed during 2009 due primarily to the amortization of intangible assets related to customer and vendor relationships, trade names and trademarks, non-compete agreements and software. In addition we recognized $1.6 million additional depreciation expense related to an increase in capital expenditures primarily as a result of additional investments to build and enhance our proprietary processing systems.

Operating income and operating margin

Consolidated operating income

Operating income increased from $146.0 million in 2009 to $170.5 million in 2010, an increase of $24.5 million, or 16.8%. Our operating margin was 41.2% and 39.3% for 2009 and 2010, respectively. The increase in operating income was due primarily to an increase in managed revenue less merchant commissions of $43.2 million and lower bad debt of $13.7 million. These increases are offset by a $23.8 million one-time compensation charge in connection with our initial public offering and the vesting of restricted stock and stock options in connection with this liquidity event. The decrease in operating margin from 2009 to 2010 was due primarily to onetime compensation charge as discussed above.

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 $91.7 million in 2009 to $103.5 million in 2010, an increase of $11.8 million, or 12.9%. North American operating margin was 40.3% and 36.0% for 2009 and 2010, respectively. The increase in operating income from 2009 to 2010 was due primarily to an increase in transaction volumes and rate per transaction during 2010 compared to 2009 and lower bad debt expense in 2010 compared to

2009, partially offset by a onetime compensation charge in 2010. The decrease in operating margin is due to the one-time compensation charge in 2010 related to our initial public offering.

International segment operating income

International operating income increased from $54.3 million in 2009 to $67.0 million in 2010, an increase of $12.7 million, or 23.4%. International operating margin was 42.9% and 45.9% for 2009 and 2010, respectively. The increase in operating income and margin from 2009 to 2010 was due primarily to the full year impact of acquisitions completed during 2009, organic growth in our rate per transaction during 2010, and lower bad debt expense in 2010.

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, related to our securitization facility, in accordance with the adoption of authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of Significant Accounting Policies . Interest expense increased from $17.3 million in 2009 to $20.5 million in 2010, an increase of $3.2 million, or 18.5%. During 2010 our interest expense increased $5.3 million as a result of the adoption of authoritative guidance related to our asset securitization agreement as further discussed in Note 2 Summary of Significant Accounting Policies . This increase was offset by lower average interest rates during 2010 than experienced during 2009. The average interest rate (including the effect of interest rate derivatives) on the 2005 Credit Facility was 5.48% in 2010 versus 5.13% in 2009. The average interest rate on the CCS Credit Facility was 2.13% in 2010 versus 3.81% in 2009.

Provision for income taxes

The provision for income taxes increased from $40.5 million in 2009 to $43.4 million in 2010, an increase of $2.9 million, or 7.2%. The increase from 2009 to 2010 was due primarily to an increase in our income before income tax, partially offset by a decrease in our effective tax rate from 31.3% in 2009 to 28.7% in 2010. The decrease in our effective tax rate was due primarily to a change in the mix of earnings between the taxing jurisdictions where we do business and a reduction in our reserve for uncertain tax positions. We pay taxes in many different taxing jurisdictions, including the U.S., 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. See also Note 11-Income Taxes for a reconciliation of the federal statutory rate to the consolidated effective tax rate.

Net income

For all the reasons discussed above, our net income increased from $89.1 million in 2009 to $107.9 million in 2010, an increase of $18.8 million, or 21.1%.

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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%				