WEX Inc.
Form 10-K
February 27, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

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

For the fiscal year ended December 31, 2013
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 001-32426

WEX INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	01-0526993 (I.R.S. Employer Identification No.)
97 Darling Avenue South Portland, Maine (Address of principal executive offices)	04106 (Zip Code)

(207) 773-8171
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
þ Yes ¨ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
¨ Yes þ No
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.
þ Yes ¨ 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).

þ 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.

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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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

¨ Yes þ No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (assuming for the purpose of this calculation, but without conceding, that all directors, officers and any 10 percent or greater stockholders are affiliates of the registrant) as of June 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was $2,944,526,729 (based on the closing price of the registrant's common stock on that date as reported on the New York Stock Exchange).

There were 38,890,626 shares of the registrant's common stock outstanding as of February 20, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2014 Annual Meeting of Stockholders are incorporated by reference in Part III. With the exception of the sections of the 2014 Proxy Statement specifically incorporated herein by reference, the 2014 Proxy Statement is not deemed to be filed as part of the 10-K.

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Unless otherwise indicated or required by the context, the terms "we," "us," "our," "WEX," or the "Company," in the Annual Report on Form 10-K mean WEX Inc. and all of its subsidiaries that are consolidated under Generally Accepted Accounting Principles.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for statements that are forward-looking and are not statements of historical facts. This Annual Report includes forward-looking statements including, but not limited to, statements about management's plan and goals, statements about consummation of pending transactions and the "Strategy" section of this Annual Report in Item 1. Any statements in this Annual Report that are not statements of historical facts are forward-looking statements. When used in this Annual Report, the words "may," "could," "anticipate," "plan," "continue," "project," "intend," "estimate," "believe," "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Forward-looking statements relate to our future plans, objectives, expectations and intentions and are not historical facts and accordingly involve known and unknown risks and uncertainties and other factors that may cause the actual results or performance to be materially different from future results or performance expressed or implied by these forward-looking statements. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report, in press releases and in oral statements made by our authorized officers: the effects of general economic conditions on fueling patterns and the commercial activity of fleets; the effects of the Company's business expansion and acquisition efforts; the Company's failure to successfully integrate the businesses it has acquired; the failure of corporate investments to result in anticipated strategic value; the impact and range of credit losses; breaches of the Company's technology systems and any resulting negative impact on our reputation, liability, or loss of relationships with customers or merchants; fuel price volatility; the Company's failure to maintain or renew key agreements; failure to expand the Company's technological capabilities and service offerings as rapidly as the Company's competitors; the actions of regulatory bodies, including banking and securities regulators, or possible changes in banking regulations impacting the Company's industrial bank and the Company as the corporate parent; the impact of foreign currency exchange rates on the Company's operations, revenue and income; changes in interest rates; the impact of the Company's outstanding bonds on its operations; financial loss if the Company determines it necessary to unwind its derivative instrument position prior to the expiration of a contract; the incurrence of impairment charges if our assessment of the fair value of certain of our reporting units changes; the uncertainties of litigation; as well as other risks and uncertainties identified in Item 1A of this Annual Report and in connection with such forward-looking statements. Our forward-looking statements and these factors do not reflect the potential future impact of any, alliance, merger, acquisition, disposition or stock repurchases. The forward-looking statements speak only as of the date of the initial filing of this Annual Report and undue reliance should not be placed on these statements. We disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Our Company

WEX Inc. is a leading provider of corporate payment solutions. WEX Inc. began operations in 1983 as a Maine corporation and was acquired in February 1996 by an entity that subsequently merged with HFS Incorporated to form Cendant Corporation in December 1997. In June 1999, Wright Express was sold to Avis Group Holdings, Inc., which was acquired by Cendant in March 2001. In anticipation of our IPO, the Company's operations were transferred to a Delaware LLC, which was converted into a Delaware corporation in 2005 in conjunction with our IPO. For over the past 30 years, we have expanded the scope of our business into a multi-channel provider of corporate payment solutions.

WEX Inc. has been publicly traded since February 16, 2005 (NYSE:WEX) and currently operates in two business segments: Fleet Payment Solutions and Other Payment Solutions. Our business model enables us to provide exceptional payment security and control across a wide spectrum of payment sectors. The Fleet Payment Solutions segment provides customers with fleet vehicle payment processing services specifically designed for the needs of commercial and government fleets. Fleet Payment Solutions revenue, which represented approximately 74 percent of our total revenue during the year ended December 31, 2013, is earned primarily from payment processing, account servicing and transaction processing, with the majority generated by payment processing. As of December 31, 2013, the Fleet Payment Solutions segment services over 7.7 million vehicles. Management estimates that WEX fleet cards are accepted at over 90 percent of fuel locations in each of the United States ("U.S.") and Australia. The Other Payment Solutions segment provides customers with payment processing solutions for their corporate payment and transaction monitoring needs. Other Payment Solutions revenue, which represented approximately 26 percent of our total revenue during the year ended December 31, 2013, is earned primarily from payment processing revenue from our virtual card product. The Other Payment Solutions segment has operations in North America, Europe, Australia and Brazil.

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The Company's U.S. operations include WEX Inc. and rapid! PayCard and our wholly-owned subsidiaries Fleet One, WEX Bank, and Pacific Pride. Our international operations include our wholly-owned subsidiaries, WEX Fuel Cards Australia (formerly Wright Express Fuel Cards Australia,) WEX PrePaid Cards Australia (formerly Wright Express Prepaid Cards Australia), WEX New Zealand (formerly Wright Express New Zealand), WEX Europe Services, WEX Europe (formerly CorporatePay Limited), located in England, and a majority equity position in UNIK S.A., a Brazil-based company.

Prior to our Initial Public Offering in 2005, the Company's growth had primarily been organic. Our growth in the past several years has been supplemented by acquisitions. Our recent acquisitions include the following transactions:

- On October 15, 2013, UNIK S.A. acquired FastCred, a provider of fleet cards to the heavy truck or over-the-road segment of the fleet market in Brazil.
- On October 4, 2012, we acquired Fleet One, a provider of fleet cards and fleet-related payment solutions to the over-the-road segment of the fleet market.
- On August 30, 2012, we acquired a 51 percent controlling interest in UNIK S.A., a provider of payroll cards, private label and processing services in Brazil, specializing in the retail, government and transportation sectors. We have an option to acquire the remaining shares of UNIK S.A.
- On May 11, 2012, we acquired CorporatePay Limited, located in London, England, a provider of corporate prepaid solutions to the travel industry in the United Kingdom. CorporatePay offers direct, co-branded and private label solutions including virtual cards, currency cards and expense management solutions.

In addition to the transactions described above, on November 8, 2013, we announced plans to acquire the assets of ExxonMobil's European commercial fuel card program through a 75 percent majority owned subsidiary, WEX Europe Services Limited. The anticipated transaction is subject to completion of the employee information and consultation processes, and obtaining of competition authority approvals, as appropriate.

WEX Bank, a Utah industrial bank incorporated in 1998, is a Federal Deposit Insurance Corporation ("FDIC") insured depository institution. WEX Bank's primary regulators are the Utah Department of Financial Institutions and the FDIC. WEX Bank is required to maintain elements of independence from the rest of our business to comply with its charter and applicable banking regulations, and is required to file separate financial statements with the FDIC. The activities performed by WEX Bank are integrated into the operations of both of the Company's segments. The functions performed at WEX Bank contribute to the operations of both of WEX's segments by providing a funding mechanism, among other services. With our ownership of WEX Bank, we have access to low-cost sources of capital. WEX Bank raises capital primarily through the issuance of brokered deposits and negotiable order of withdrawal ("NOW") accounts and provides the financing and makes the credit decisions that enable both segments to extend credit to customers. WEX Bank approves customer applications, maintains appropriate credit lines for each customer, is the account issuer, and is the counterparty for the customer relationships for most of our programs. Operations such as sales, marketing, merchant relations, customer service, software development and IT are performed as a service within our organization but outside of WEX Bank.

Competitive Strengths

We believe the following strengths distinguish us from our competitors:

Fleet Payment Solutions

- We believe our closed-loop fuel networks in the U.S. and Australia are among the largest in each country. We describe our fleet payment processing networks as "closed-loop" as we have a direct contractual relationship with both the merchant and the fleet, and only WEX transactions can be processed on these networks. We have built networks that management believes provides over 90 percent fuel location coverage in each of the U.S. and Australia, as well as wide acceptance in Canada and Brazil, which provides our customers with the convenience of broad acceptance.
- Our proprietary closed-loop fuel networks also provide us with access to a higher level of fleet-specific information and control as compared to what is typically available on an open-loop network. This allows us to improve and refine the information reporting we provide to our fleet customers and customers of our strategic relationships.

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- We offer a differentiated set of products and services, including security and purchase controls, to allow our customers and the customers of our strategic relationships to better manage their vehicle fleets. We provide customized analysis and reporting on the efficiency of fleet vehicles and the purchasing behavior of fleet vehicle drivers. We make this data available to fleet customers through both traditional reporting services and sophisticated web-based data analysis tools.
- Our proprietary software facilitates the collection of information and provides us with a high level of control and flexibility in allowing fleets to restrict purchases and receive automated alerts.

- Our long-standing strategic relationships, multi-year contracts and high contract renewal rates have contributed to the stability and recurring nature of our revenue base. We believe that we offer a compelling value to our customers relative to our competitors given the breadth and quality of our products and services and our deep understanding of our customers' operational needs. We have a large installed customer base, with more than 7.7 million vehicles serviced as of December 31, 2013 and co-branded strategic relationships with six of the largest U.S. fleet management companies and with numerous oil companies that use our private label solutions. Our wide site acceptance, together with our private-label portfolios and value-added product and service offerings, drive high customer satisfaction levels, with a U.S. fleet retention rate in excess of 98 percent (based on the 2013 rate of voluntary customer attrition).

- Our proprietary closed-loop network is a significant barrier to entry because a competitor would need to establish a direct relationship with each of the merchants that comprise the network.

- Our entrance into the over-the-road segment of the market, as bolstered by the acquisition of Fleet One in 2012, enhances our ability to serve fleet customers who operate both heavy duty trucks and cars or light duty vehicles in the U.S. and Canada as well as to blend the small fleet and private label businesses for greater scale.

Other Payment Solutions

- Our virtual payment products offer corporate customers enhanced security and control for complex payment needs. Our strategic relationships include three of the largest U.S. based online travel agencies. Our operations in the United Kingdom provide corporate prepaid solutions to the travel industry. We have expanded our online travel capabilities and geographies, including Asia-Pacific, South America and Europe and settle transaction in over 14 currencies. Additionally, we offer virtual products in the insurance/warranty and healthcare markets in the United States.
- We offer paycard products in the U.S. and Brazil. These products include payroll cards which are used to replace paper payroll checks. This is a service offered by businesses to individuals who often do not have a bank account.

Other Competitive Strengths

- The demand for our payment processing, account servicing and transaction processing services combined with significant operating leverage has historically driven strong revenue growth with consistently high margins. We have an extensive history of organic revenue growth driven by our various marketing channels, our extensive network of fuel and service providers, and our growth in transaction volume and card placement. Further, we have completed a number of strategic acquisitions to expand our product and service offerings, which have contributed to our revenue growth and diversification.
- We have an enterprise-wide risk management program that helps us to effectively address inherent risks related to funding and liquidity, fuel price volatility, our extension of credit and interest rates. Our ownership of WEX Bank provides us with access to low cost sources of capital, which provide liquidity to fund our short-term card receivables. We use fuel price derivatives to manage a portion of our U.S. fuel-price-related earnings exposure, as described below under "Fuel Price Derivatives." We have historically maintained a long record of low credit losses due to the short-term, non-revolving credit issued to our customer base, which is typically due within 30 days. Our credit risk management program is enhanced by our proprietary scoring model, reducing credit lines and early suspension policy. As of December 31, 2013, 95 percent of accounts receivables were less than 30 days past due and 99 percent were less than 60 days past due. Interest rate risk is managed through diversified funding sources at WEX Bank with significant non-interest bearing liabilities and merchant contracts that include some ability to raise rates if interest rates rise.

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- We have an experienced and committed management team that has substantial industry knowledge and a proven track record of financial success. Our executive management team has significant industry experience and an average of over 10 years of tenure with us. The team has been successful in driving strong growth in our business and establishing a track record of strong, consistent operating performance. We believe that our management team positions us well to continue to successfully implement our growth strategy and capture operating efficiencies.

Strategy

As we cultivate our Company’s path forward, there are three key priorities for 2014:

- Position the Company to accelerate growth organically and through mergers and acquisitions. We intend to continue to grow our business organically through the use of our various marketing channels, leveraging our competitive advantages and continuing to explore new strategies that bring innovative new products to market. The Company’s merger and acquisition strategy is focused on creating and enhancing scale in our business and adding product differentiation and functionality that improves our offering, primarily in the fleet and travel markets.

- Focus on further globalizing our business by making targeted investments. Investments are core to achieving our growth objectives over the near and long term. An example of this is our recently announced plans to acquire the Esso commercial fuel card portfolio in Europe. We are also continuing to invest in our issuing and settlement capabilities internationally for virtual payments, specifically to service online travel agencies.

- Drive scale across the organization. We will operate with systemic efficiency by allocating and optimizing resources to drive the greatest results and volume across market segments.

FLEET PAYMENT SOLUTIONS SEGMENT

Overview

The Fleet Payment Solutions segment provides customers with fleet vehicle payment processing services specifically designed for the needs of commercial and government fleets. We are a leading provider of fleet vehicle payment processing services with over 7.7 million vehicles, as of December 31, 2013, using our fleet payment solutions to purchase fuel and maintenance services. Our competitive advantages in the fleet market include brand strength and product offerings, commitment to customer satisfaction and a unique financing model with attractive credit terms. Our fleet products are based upon proprietary technology with closed-loop networks in the U.S. and Australia, and wide site acceptance domestically and abroad.

As part of our value proposition, we deliver security through individualized driver identification and real-time transaction updates, purchase controls and sophisticated reporting tools. We collect a broad array of information at the point of sale, including the amount of the expenditure, the identity of the driver and vehicle, the odometer reading, the identity of the fuel or vehicle maintenance provider and the items purchased. We use this information to provide customers with analytical tools to help them effectively manage their vehicle fleets and control costs. We deliver value to our customers by providing customized offerings for accepting merchants, processing payments and providing information management products and services to fleets.

Our proprietary closed-loop networks allow us to provide our customers with highly detailed, fleet-specific information and customized controls that are not typically available on open-loop networks, such as limiting purchases to fuel only and restricting the time of day and day of the week when fuel is purchased. Our network also enables us to avoid dependence on third-party processors. In addition, our relationships with both fleets and merchants enable us to provide security and controls and provide customizable reporting.

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The following illustrates our proprietary closed-loop network:

Payment processing transactions represent a majority of the revenue stream in the Fleet Payment Solutions segment. In a payment processing transaction, we extend short-term credit to the fleet customer and pay the purchase price for the fleet customer's transaction, less the payment processing fees we retain, to the merchant. We collect the total purchase price from the fleet customer, normally within 30 days from the billing date.

The following illustration depicts our business process for a typical payment processing transaction:

Products and Services

Payment processing fees are based on a percentage of the aggregate dollar amount of the customer's purchase, a fixed amount per transaction or a combination of both. In 2013, we processed approximately 292 million payment processing transactions, compared to 261 million payment processing transactions in 2012.

Additionally, we receive revenue from account servicing fees, factoring receivables and finance fees.

We offer the following services:

- Customer service, account activation and account retention: We offer customer service, account activation and account retention services to fleets and fleet management companies and the fuel and vehicle maintenance providers on our network. Our services include promoting the adoption and use of our products and programs and account retention programs on behalf of our customers and partners.
- Authorization and billing inquiries and account maintenance: We handle authorization and billing questions, account changes and other issues for fleets through our dedicated customer contact centers, which are available 24

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hours a day, seven days a week. Fleet customers also have self service options available to them through our websites.

- Premium fleet services: We assign designated account managers to businesses and government agencies with large fleets. These representatives have in-depth knowledge of both our programs and the operations and objectives of the fleets they service.
- Credit and collections services: We have developed proprietary account approval, credit management and fraud detection programs. Our underwriting model produces a proprietary score, which we use to predict the likelihood of an account becoming delinquent within 12 months of activation. We also use a credit maintenance model to manage ongoing accounts, which helps us to predict the likelihood of account delinquency over an ongoing 18-month time horizon. We have developed a collections scoring model that we use to rank and prioritize past due accounts for collection activities. We also employ fraud specialists who monitor accounts, alert customers and provide case management expertise to minimize losses and reduce program abuse.
- Merchant services: Our representatives work with fuel and vehicle maintenance providers to enroll these providers in our network, test all network and terminal software and hardware, and to provide training on our sale, transaction authorization and settlement processes.

Information Management

We provide standard and customized information to customers through monthly vehicle analysis reports, custom reports and our websites. We also alert customers of unusual transactions or transactions that fall outside of pre-established parameters. Customers, through our website, can access their account information, including account history and recent transactions, and download the details. In addition, through our websites, fleet managers can elect to be notified by email when limits are exceeded in specified purchase categories, including limits on transactions within a time range and gallons per day.

Marketing Channels

We market our fleet products and services directly to commercial and government vehicle fleet customers with small, medium and large fleets, and over-the-road long haul fleets. Our product suite includes payment processing and transaction processing services, WEX branded fleet cards in North America and MotorPass/Motorcharge-branded fleet cards in Australia. Our direct line of business services 3.5 million vehicles.

We also market our products and services indirectly through co-branded and private label relationships. With a co-branded relationship product, we market our products and services for, and in collaboration with, both oil merchants and fleet management companies using their brand names and our logo on a co-branded fleet card. These companies seek to offer our payment processing and information management services as a component of their total offering to their fleet customers. Our co-branded marketing channel services 1.8 million vehicles.

Our private label programs market our product and services for, and in collaboration with, fuel retailers, using only their brand names. The fuel retailers with which we have formed strategic relationships offer our payment processing and information management products and services to their fleet customers in order to establish and enhance customer loyalty. These fleets use these products and services to purchase fuel at locations of the fuel retailer with whom we have the private label relationship. Our private label marketing channel services 2.4 million vehicles.

Fuel Price Derivatives

Management estimates approximately 42 percent of our total revenue in 2013 resulted from fees paid to us by fuel providers based on a negotiated percentage of the purchase price of fuel purchased by our customers and accordingly was impacted by fuel prices. To address these fluctuations, we hedge, and expect to continue to hedge, approximately 60 percent of our U.S. fuel-price-related earnings exposure to improve management of potential cash flow volatility created by changes in U.S. fuel prices and to enhance the visibility and predictability of our future cash flows. Prior to 2012, we entered into hedges intended to cover approximately 80 percent of our U.S. fuel-price-related earnings exposure.

Our hedging program uses put and call option contracts with monthly settlement provisions that create a “costless collar” based upon both the U.S. Department of Energy’s weekly diesel fuel price index and the NYMEX unleaded gasoline contracts. When entering into these options, our intent is to effectively lock in a range of prices during any given quarter on a portion of our U.S. forecasted earnings that are subject to fuel price variations. Differences between the indices underlying the options and actual retail prices may create a disparity between the effects of price changes on the actual revenues we earn and the gains or losses realized on the options.

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Our derivative instruments do not qualify for hedge accounting under accounting guidance. Accordingly, gains and losses on our fuel price-sensitive derivative instruments, whether they are realized or unrealized, affect our current period earnings.

The options are intended to limit the impact fuel price fluctuations have on our cash flows. The options that we have entered into:

Create a floor price. When the current month put option contract settles, we receive cash payments from the counterparties if the average price for the current month (as defined by the option contract) is below the strike price of the put option.

Create a ceiling price. When the current month call option contract settles, we make cash payments to the counterparties if the average price for the current month (as defined by the option contract) is above the strike price of the call option.

When the current month put and call option contracts settle and the average price for the current month (as defined by the option contract) is between the strike price of the put option contract and the strike price of the call option contract, no cash is exchanged between the counterparties and us.

The following table presents information about the options as of December 31, 2013. The approximate percentage of hedged fuel price-sensitive earnings exposure includes the earnings from our Fleet One operations.

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Average low end of range of fuel prices per gallon	$3.38	$3.36	$3.37	$3.34	$3.32	$3.34
Average top end of range of fuel prices per gallon	$3.44	$3.42	$3.43	$3.40	$3.38	$3.40
Approximate % of exposure locked in	60%	60%	60%	60%	40%	20%

OTHER PAYMENT SOLUTIONS SEGMENT

Overview

Our Other Payment Solutions segment is comprised of our virtual and paycard products where we provide innovative corporate purchasing capabilities which can be integrated with our customers' internal systems to streamline their payroll, accounts payable and reconciliation processes.

Products and Services

Virtual Card Products

The WEX virtual card product suite allows businesses to centralize purchasing, simplify complex supply chain processes and eliminate the paper check writing associated with traditional purchase order programs. Our virtual card is used for transactions where no card is presented, including, for example, transactions conducted over the telephone, by mail, by fax or on the Internet. Our virtual card also can be used for transactions that require pre-authorization, such as hotel reservations. Our virtual card programs consist of:

- WEX Travel - Since 2000, travel wholesalers and resellers have used WEX to deliver efficiencies through precise payment control and reconciliations.
- WEX Health - Healthcare companies are embracing the migration to electronic payments as a strategic move to streamline processes and reduce costs.
- WEX Insurance - WEX's electronic claims solution allows auto claim payment to preferred and out-of-network suppliers.
- WEX Education - WEX virtual payment solutions facilitate streamlining of the payment process and reduction of costs.

Under our virtual card programs, each transaction is assigned a unique account number with a customized credit limit and expiration date. These controls are in place to limit fraud and unauthorized spending. The unique account number limits

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purchase amounts and tracks, settles and reconciles purchases more easily, creating efficiencies and cost savings for our customers. The virtual card products offer both credit and debit options.

The following illustration depicts our business process for a typical virtual card transaction in the travel industry:

Paycard Products

Paycard products are an emerging product line for WEX Inc. The rapid! PayCard product, a pre-paid payroll card, provides a comprehensive paycard benefit and ePayroll program designed for employers choosing to convert to electronic delivery of payroll in the United States, replacing paper employee payroll checks. Additionally, we own a 51 percent controlling interest in UNIK S.A., a provider of employee benefit cards, private label and processing services in Brazil, specializing in the retail, government and transportation sectors.

Prepaid and gift cards

WEX Prepaid Card Australia offers prepaid and gift cards products to companies throughout Australia. These products provide secure payment and financial management solutions with single card options, access to open or closed loop redemption, load limits and variable expirations.

Marketing Channels

We market our Other Payment Solutions segment products and services directly to our customers in conjunction with our fleet offerings, as well as to potential new clients with whom we have no existing relationship. Our corporate purchase products are marketed to commercial and government organizations and we use existing open-loop networks. Our rapid! PayCard product is marketed to small and medium sized businesses in the United States.

OTHER ITEMS

Employees

As of December 31, 2013, WEX Inc. and its subsidiaries had 1,431 employees, of which 1,201 were located in the United States. None of our employees are subject to a collective bargaining agreement.

Competition

We have a strong competitive position in our Fleet Payment Solutions and Other Payment Solutions segments. Our product features and extensive account management services are key factors behind our position in the fleet industry. We face competition in both of our segments. Our competitors vie with us for prospective direct fleet customers as well as for companies with which to form strategic relationships. We compete with companies that perform payment and transaction processing or similar services. Financial institutions that issue Visa, MasterCard and American Express credit and charge

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cards currently compete against us primarily in the local fleet category of our Fleet Payment Solutions segment and in the corporate purchase card category of our Other Payment Solutions segment.

The most significant competitive factors include the breadth of features offered, functionality, servicing capability and price. For more information regarding risks related to competition, see the information in Item 1A, under the heading “Our industry continues to become increasingly competitive, which makes it more difficult for us to maintain profit margins at historical levels.”

Seasonality

Our businesses are affected by seasonal variations as fuel prices are typically higher during the summer and online travel sales are typically higher during the third quarter. However, this seasonality does not have a material impact on our financial results.

Technology

We believe that investment in technology is a crucial step in maintaining and enhancing our competitive position in the marketplace. In the United States, our fleet fuel-based closed-loop proprietary software captures detailed information from the fuel and maintenance locations within our network. Operating a proprietary network not only enhances our value proposition, it enables us to limit dependence on third-party processors and to respond rapidly to changing customer needs with system upgrades, while maintaining a secure environment. Our virtual card open-loop network uses internally developed software and third-party processors. Our infrastructure has been designed around industry-standard architectures to reduce downtime in the event of outages or catastrophic occurrences.

In Australia, New Zealand, Brazil and the United Kingdom, we use standalone platforms to support operations. All of the development, maintenance and support of each card management system are performed within the respective business. We continue to invest in our infrastructure.

We are continually improving our technology to enhance customer relationships and to increase efficiency and security. We also review technologies and services provided by others in order to maintain the high level of service expected by our customers. For information regarding technology related risks, see the information in Item 1A under the headings “We may not be able to adequately protect the data we collect about our customers, which could subject us to liability and damage our reputation”, “Our failure to effectively implement new technology could jeopardize our position as a leader in our industry” and “We are dependent on technology systems and electronic communications networks managed by third parties, which could result in our inability to prevent service disruptions.”

Intellectual Property

We rely on a combination of patent, copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions and other similar measures to protect the proprietary information and technology used in our business. We generally enter into confidentiality, professional services and/or license agreements with our consultants and corporate partners and control access to and distribution of our technology, documentation and other proprietary information. Despite the efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain the use of our products or technology that we consider proprietary and third parties may attempt to develop similar technology independently. We pursue registration and protection of our trademarks in the U.S. and other countries in which we operate or plan to operate. We market our products and services using the WEX and Fleet One brand names in the U.S., the MotorPass and Motorcharge brand names in Australia and the UNIK S.A. brand name in Brazil.

Regulation - United States

The Company and WEX Bank are subject to certain state and federal laws and regulations governing insured depository institutions and their affiliates. The Company and WEX Bank, as well as its subsidiaries are subject to supervision and examination by both the Utah Department of Financial Institutions and the FDIC. The Company and its affiliates are subject to certain restrictions on transactions with affiliates set forth in the Federal Reserve Act (“FRA”). The Company is subject to anti-tying provisions in the Bank Holding Company Act. State and Federal laws and regulations limit the loans WEX Bank may make to one borrower and the types of investments WEX Bank may make.

Below is a description of the material elements of the laws, regulations, policies and other regulatory matters affecting the operations of WEX.

Exemption from certain requirements of the Bank Holding Company Act

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As an industrial bank organized under the laws of Utah that does not accept demand deposits that may be withdrawn by check or similar means, WEX Bank meets the criteria for exemption from the definition of “bank” under the Bank Holding Company Act. As a result, the Company is generally not subject to the Bank Holding Company Act.

Restrictions on intercompany borrowings and transactions

Sections 23A and 23B of the FRA and the implementing regulations limit the extent to which the Company can borrow or otherwise obtain credit from or engage in other “covered transactions” with WEX Bank. “Covered transactions” include loans or extensions of credit, purchases of or investments in securities, purchases of assets, including assets subject to an agreement to repurchase, acceptance of securities as collateral for a loan or extension of credit, or the issuance of a guarantee, acceptance, or letter of credit. Although the applicable rules do not serve as an outright bar on engaging in “covered transactions,” they do limit the amount of covered transactions WEX Bank may have with any one affiliate and with all affiliates in the aggregate. The applicable rules also requires that the Company engage in such transactions with WEX Bank only on terms and under circumstances that are substantially the same, or at least as favorable to WEX Bank, as those prevailing at the time for comparable transactions with nonaffiliated companies. Furthermore, with certain exceptions, each loan or extension of credit by WEX Bank to the Company or its other affiliates must be secured by collateral with a market value ranging from 100 percent to 130 percent of the amount of the loan or extension of credit, depending on the type of collateral.

The Consumer Financial Protection Bureau

The Dodd-Frank Act established the Consumer Financial Protection Bureau ("CFPB") to regulate the offering of consumer financial products or services under the federal consumer financial laws. In addition, the CFPB was granted general authority to prevent covered persons or service providers from committing or engaging in unfair, deceptive or abusive acts or practices under federal law in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The CFPB has broad rulemaking authority for a wide range of consumer protection laws, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The legislation also gives the state attorneys general the ability to enforce applicable federal consumer protection laws.

Brokered Deposits

Under FDIC regulations, depending upon their capital classification, banks may be restricted in their ability to accept brokered deposits. “Well capitalized” banks are permitted to accept brokered deposits, but banks that are not “well capitalized” are not permitted to accept such deposits. The FDIC may, on a case-by-case basis, permit banks that are “adequately capitalized” to accept brokered deposits if the FDIC determines that acceptance of such deposits would not constitute an unsafe or unsound banking practice.

Other Regulatory Requirements

WEX Bank must monitor and report unusual or suspicious account activity, as well as transactions involving amounts in excess of prescribed limits, as required by the Bank Secrecy Act and Internal Revenue Service regulations. The USA PATRIOT Act of 2001 substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, identifying new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The United States Treasury Department has proposed and, in some cases, issued a number of implementing regulations which impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Certain of those regulations impose specific due diligence requirements on financial institutions that maintain correspondent or private banking relationships with non-U.S. financial institutions or persons. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the institution.

The federal government has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. These sanctions, which are administered by the United States Treasury’s Office of Foreign Assets Control (“OFAC”), take many different forms but generally include one or more of the following elements:
(i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on “U.S. persons” engaging in financial transactions

relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (for example, property and bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

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Under the Financial Services Modernization Act of 1999, also referred to as the "Graham-Leach-Bliley Act (or "GLBA"), the Company and WEX Bank are required to maintain a comprehensive written information security program that includes administrative, technical and physical safeguards relating to customer information. However, this requirement does not generally apply to information about companies or about individuals who obtain financial products or services for business, commercial, or agricultural purposes. The GLBA also requires the Company and WEX Bank to provide initial and annual privacy notices to customers that describe in general terms their information sharing practices. If the Company and WEX Bank intend to share nonpublic personal information about customers with affiliates and/or nonaffiliated third parties, they must provide customers with a notice and a reasonable period of time for each consumer to "opt out" of any such disclosure. In addition to U.S. federal privacy laws, states also have adopted statutes, regulations and other measures governing the collection and distribution of nonpublic personal information about customers. In some cases these state measures are preempted by federal law, but if not, the Company and WEX Bank must monitor and comply with the laws in the conduct of its business.

Restrictions on dividends

WEX Bank is subject to various regulatory requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. A banking regulator may determine that the payment of dividends would be inappropriate and could prohibit payment. Further, WEX Bank may not pay a dividend if it is undercapitalized or would become undercapitalized as a result of paying the dividend. Utah law permits WEX Bank to pay dividends out of the net profits of the industrial bank after providing for all expenses, losses, interest, and taxes accrued or due, but if WEX Bank's surplus account is less than 100 percent of its capital stock, WEX Bank must transfer up to 10 percent of its net profits to the surplus account prior to the payment of any dividends.

Company obligations to WEX Bank

Any non-deposit obligation of WEX Bank to the Company is subordinate, in right of payment, to deposits and other indebtedness of WEX Bank. In the event of the Company's bankruptcy, any commitment by the Company to a federal bank regulatory agency to maintain the capital of WEX Bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Restrictions on ownership of WEX Inc. common stock

WEX Bank, and therefore the Company, is subject to bank regulations that impose requirements on entities that might control WEX Bank through control of the Company. These requirements are discussed in Item 1A under the heading "If any entity controls 10 percent or more of our common stock and such entity has caused a violation of applicable banking laws by its failure to obtain any required approvals prior to acquiring that common stock, we have the power to restrict such entity's ability to vote shares held by it."

Regulation - Foreign

The conduct of our businesses, and the use of our products and services are subject to various foreign laws and regulations administered by government entities and agencies where we operate. It is our policy to abide by the applicable laws and regulations in the jurisdictions around the world in which we do business.

Australia

The Company's Australian operations are subject to laws and regulations of the Commonwealth of Australia governing banking and payment systems, financial services, consumer credit and money laundering. Because neither WEX Fuel Cards Australia nor WEX Prepaid Cards Australia holds an Australian Financial Services License or credit license or is an authorized deposit-taking institution, they operate within a framework of regulatory relief and exemptions afforded them on the basis that they satisfy the requisite conditions.

Europe

The Company's European operations are subject to laws and regulations of the European Union and the countries in which we operate including, among others, those governing payment services, data protection and information security, consumer credit and anti-money laundering.

Brazil

The Company's Brazilian operations are subject to laws and regulations of the Brazilian government. Brazil's labor systems are governed by the Consolidation of Brazilian Labor Laws. Brazil is a signatory of the World Trade

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Trade-Related Aspects of Intellectual Property Rights agreement. This agreement establishes a minimum protection standard to property rights and requires signatory countries to review and adapt national laws that meet that standard.

Segments and Geographic Information

For an analysis of financial information about our segments as well as our geographic areas, see Item 8 - Note 21 of our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Available Information

The Company's principal executive offices are located at 97 Darling Avenue, South Portland, ME 04106. Our telephone number is (207) 773-8171, and our Internet address is http://www.wexinc.com. The Company's annual, quarterly and current reports, proxy statements and certain other information filed with the SEC, as well as amendments thereto, may be obtained free of charge from our website. These documents are posted to our website as soon as reasonably practicable after we have filed or furnished these documents with the SEC. These documents are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. The Company's Audit Committee Charter, Compensation Committee Charter, Finance Committee Charter, Corporate Governance Committee Charter, Corporate Governance Guidelines and codes of conduct are available without charge through the "Corporate Governance" portion of the Investor Relations page of the Company's website.

Copies will also be provided, free of charge, to any stockholder upon written request to Investor Relations at the address above or by telephone at (866) 230-1633.

The Company's Internet site and the information contained on it are not incorporated into this Form 10-K and should not be considered part of this report.

ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition, results of operations and cash flows could suffer. The risks discussed below also include forward-looking statements and our actual results may differ materially from those discussed in these forward-looking statements.

Risks Relating to Our Company

A significant portion of our revenues are related to the dollar amount of fuel purchased by our customers, and, as a result, volatility in fuel prices could have an adverse effect on our revenues.

As of December 31, 2013, management estimates approximately 42 percent of our total revenues result from fees paid to us by fuel providers based on a negotiated percentage of the purchase price of fuel purchased by our customers. Our customers primarily purchase fuel. Accordingly, part of our revenue is dependent on fuel prices, which are prone to volatility. For example, we estimate that during 2013, a one cent decline in average fuel prices below average actual prices would have resulted in approximately a $0.8 million decline in 2013 revenue. Declines in the price of fuel could have a material adverse effect on our total revenues.

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

- supply and demand for oil and gas, and expectations regarding supply and demand;
- speculative trading;
- actions by major oil exporting nations;
- political conditions in other oil-producing, gas-producing or supply-route countries, including revolution, insurgency, terrorism or war;
- refinery capacity;
- weather;
- the prices of foreign exports and the availability of alternate fuel sources;

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- value of the U.S. dollar versus other major currencies;
- general worldwide economic conditions; and
- governmental regulations and tariffs.

Derivative transactions may not adequately stabilize our cash flows and may cause volatility in our earnings.

Because a significant portion of our revenues are subject to fuel price volatility, we utilize fuel price sensitive derivative instruments to manage our exposure to this volatility in North America by seeking to limit fluctuations in our cash flows. For a more detailed discussion of these derivative instruments see our “Fuel Price Derivatives” discussion in Item 1. Business. These instruments may expose us to the risk of financial loss if, for example, we unwind our position before the expiration of the contract or there is a significant change in fuel prices. The success of our fuel price derivatives program depends upon, among other things, our ability to forecast the amount of fuel purchased by fleets using our services in the U.S. and the percentage based fee we will earn from merchants. To the extent our forecasts are inaccurate these derivative contracts may be inadequate to protect us against significant changes in fuel prices or over-expose us to fuel price volatility. Realized and unrealized gains and losses on these contracts are recorded each quarter to reflect changes in the market value of the underlying contracts. As a result, our quarterly net income may be prone to significant volatility.

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 formulas and models to screen potential customers and establish appropriate credit limits, but these formulas and models cannot eliminate all potential bad credit risks and may not prevent us from approving applications that are fraudulently completed. Moreover, businesses that are good credit risks at the time of application may become bad credit risks over time and we may fail to detect such change. In times of economic slowdown, the number of our customers who default on payments owed to us tends to increase. If we fail to adequately manage our credit risks, our provision for credit losses on the income statement could be significantly higher.

Our exposure to counterparty credit risk could create an adverse effect on our financial condition.

We engage in a number of transactions where counterparty credit risk is a relevant factor. Specifically, we have fuel price derivatives whose values at any point in time are dependent upon not only the market but also the viability of the counterparty. The failure or perceived weakness of any of our counterparties has the potential to expose us to risk of loss in these situations. Financial institutions, primarily banks, have historically been our most significant counterparties.

The Dodd-Frank Act may have a significant impact on our business, results of operation and financial condition.

On July 21, 2010, the Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, was enacted into law. The Dodd-Frank Act, among other things, when fully implemented, will result in substantial changes in the regulation of derivatives and capital market activities. The impact of the Dodd-Frank Act is difficult to assess because many provisions require federal agencies to adopt implementing regulations which have not been completed and because many of its provisions are being phased in over time. In particular, the Dodd-Frank Act establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. For example, the Dodd-Frank Act provides the Commodity Futures Trading Commission with broad authority to adopt combined position limits for futures contracts and over-the-counter derivatives. We cannot assess whether those rules, which have been vacated by a U.S. District Court and are the subject of continuing litigation, if eventually upheld, would have an adverse impact on our business.

Although the application of the Dodd-Frank Act’s provisions to us, if any, are uncertain at this time, we could be required to change our fuel price hedging practices to comply with new regulatory requirements. Potential changes include clearing and execution methodology of our derivatives transactions. The Dodd-Frank Act also requires many counterparties to derivatives instruments to spin off some of their derivatives activities to a separate entity. These new entities may not be as creditworthy as the current counterparty. Presently, we cannot assess the capital or margin requirements which might apply to our over-the-counter transactions. Once implemented, these changes could result in increased transaction costs. In summary, the Dodd-Frank Act and any new regulations could increase the cost of derivative contracts or modify the way in which we conduct those transactions.

If we modify or reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable. Increased volatility may make us less attractive to

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certain types of investors. Any of these consequences could have a material adverse effect on our financial condition and results of operations.

The Dodd-Frank Act also created the Consumer Financial Protection Bureau, or CFPB, to regulate the offering of consumer financial products or services under the federal consumer financial laws. The CFPB assumed rulemaking authority under the existing federal consumer financial protection laws, and will enforce those laws against and examine certain non-depository institutions and insured depository institutions with total assets greater than $10 billion and their affiliates. In addition, the CFPB was granted general authority to prevent covered persons or service providers from committing or engaging in unfair, deceptive or abusive acts or practices under federal law in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The CFPB also has broad rulemaking authority for a wide range of consumer protection laws. It is unclear what changes will be promulgated by the CFPB and what effect, if any, such changes would have on our business and operations.

As required under the Dodd-Frank Act, the Government Accountability Office issued its study on the implications of any elimination of the exemption to the definition of “bank” for industrial banks under the Bank Holding Company Act. The study did not make a recommendation regarding the elimination of this exemption. However, if this exemption were eliminated without any grandfathering or accommodations for existing institutions, we could be required to become a bank holding company which could require us to either cease certain activities or divest WEX Bank.

The Dodd-Frank Act and any related legislation or regulations may have a material impact on our business, results of operations and financial condition. In addition, we may be required to invest significant management time and resources to address the various provisions of the Dodd-Frank Act and the numerous regulations that are required to be issued under it.

In an environment of increasing interest rates, interest expense on the variable rate portion of our borrowings would increase and we may not be able to replace our maturing debt with new debt that carries the same interest rates. We may be adversely affected by significant changes in the brokered deposit market.

We had $685 million of fixed and variable interest rate indebtedness outstanding at December 31, 2013, consisting of $400 million of borrowings under our bond facility at a fixed rate of 4.750% and $285 million of borrowings under our senior secured credit facility that bore interest at a floating rate equal to the one-month LIBOR plus 175 basis points. An increase in interest rates would increase the cost of borrowing under our senior secured credit facility.

Our industrial bank subsidiary, WEX Bank, uses certificates of deposit and interest-bearing money-market deposits, or collectively brokered deposits, as well as NOW accounts, to finance payments to major oil companies. Certificates of deposit carry fixed interest rates from issuance to maturity. The interest-bearing money market deposits carry variable rates. Upon maturity, the deposits will likely be replaced by issuing new deposits to the extent that they are needed. In a rising interest rate environment, WEX Bank would not be able to replace maturing deposits with deposits that carry the same or lower interest rates. Therefore, rising interest rates would result in reduced net income to the extent that certificates of deposit and money market deposits mature and are replaced. At December 31, 2013, WEX Bank had outstanding $453.5 million in certificates of deposit maturing within one year, $117.9 million in certificates of deposit maturing within one to two years, and $222.5 million in interest-bearing money market deposits. Also at December 31, 2013, WEX Bank had $276.4 million of NOW account deposits outstanding, which are currently non-interest bearing.

We have substantial indebtedness, which may materially and adversely affect our financial flexibility and our ability to meet our debt service obligations under our 4.750% senior notes, due 2023 (the “notes”).

Our indebtedness consists of secured indebtedness under our 2013 Amended and Restated Credit Agreement ("2013 Credit Agreement"), the notes, deposits issued by WEX Bank and other liabilities outstanding. Our indebtedness could, among other things:

- require us to dedicate a substantial portion of our cash flow to repaying our indebtedness, thus reducing the amount of funds available for other general corporate purposes;
- limit our ability to borrow additional funds necessary for working capital, capital expenditures or other general corporate purposes;

- increase our vulnerability to adverse general economic or industry conditions; and
- limit our flexibility in planning for, or reacting to changes in, our business.

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There can be no assurance that we will be able to meet our debt service obligations, including any of our obligations under the notes. In addition, we may need to incur substantial additional indebtedness in the future to fund our operations or certain strategic objectives. However, we may not be able to obtain the additional financing necessary for these purposes.

In addition, under our 2013 Credit Agreement we are required to remain in compliance with a maximum consolidated leverage ratio and a consolidated interest coverage ratio and other covenants. If our earnings decline, or if we incur additional indebtedness, we may be unable to comply with these financial ratios. Failure to comply with the financial covenants or any other non-financial or restrictive covenant in our 2013 Credit Agreement could create a default under our 2013 Credit Agreement. Upon a default, our lenders could accelerate the indebtedness under the facilities, foreclose against their collateral or seek other remedies, which could trigger a default under the notes and would jeopardize our ability to continue our current operations.

Despite our substantial indebtedness, we may still be able to incur more debt, intensifying the risks described above.

Subject to restrictions in our 2013 Credit Agreement, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. Subject to certain limitations, we have the ability to borrow additional funds under our 2013 Credit Agreement, including compliance with the covenants in our 2013 Credit Agreement.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund capital expenditures, acquisitions and research and development efforts will depend on our ability to generate cash. This, to a certain extent, is subject to economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure that our business will generate sufficient cash flows from operations, that anticipated cost savings and operating improvements will be realized on schedule or at all, that future borrowings will be available to us under our 2013 Credit Agreement, or that we can obtain alternative financing proceeds in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, at or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Decreased demand for fuel and other vehicle products and services could harm our business and results of operations.

Demand for fuel and other vehicle products and services may be reduced by factors that are beyond our control, such as the implementation of fuel efficiency standards and the development by vehicle manufacturers and adoption by our fleet customers of vehicles with greater fuel efficiency or alternative fuel sources.

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

Revenue we received from services we provided to our top five customers and strategic relationships accounted for approximately 23 percent of our total revenues in 2013. Accordingly, we are dependent on maintaining our strategic relationships and our results of operations would be lower in the event that any of relationships cease to exist.

Likewise, we have agreements with the major oil companies and fuel retailers whose locations accept our payment processing services. The termination of any of these agreements would reduce the number of locations where our payment processing services are accepted; therefore, we could lose our competitive advantage and our operating results could be adversely affected. In addition, as of December 31, 2013, we had $276.4 million of NOW account deposits outstanding with a single program. If that relationship terminated, we would need to seek additional sources of funding or further utilize other existing sources of funding. There could be no assurance that we would be able to find new or use existing sources of funding on terms acceptable to us. If we were unable to secure such funding, our results of operations could be adversely affected.

We may never realize the anticipated benefits of acquisitions we have completed or may undertake.

We have acquired and may attempt to acquire businesses, technologies, services, products or licenses in technologies that we believe are a strategic fit with our business. The process of integrating any acquired business, technology, service or product may result in unforeseen redundancies, operating difficulties, and expenditures and may divert significant management attention from our ongoing business operations. As a result, we may incur a variety of costs in connection with acquisitions and may never realize the anticipated benefits.

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We are exposed to risks associated with operations outside of the United States, which could harm both our U.S. and international operations.

We conduct operations in North America, South America, Asia Pacific and Europe. As part of our business strategy and growth plan, we plan to further expand internationally. Expansion of our international operations could impose substantial burdens on our resources, divert management's attention from U.S. operations and otherwise harm our business. In addition, there are many barriers to competing successfully in the international market, including:

- changes in the relations between the United States and foreign countries;
- actions of foreign or United States governmental authorities affecting trade and foreign investment;
- increased infrastructure costs including complex legal, tax, accounting and information technology laws and treaties;
- interpretation and application of local laws and regulations including, among others, those impacting anti-money laundering, bribery, financial transaction reporting and positive balance or prepaid cards;
- enforceability of intellectual property and contract rights;
- potentially adverse tax consequences due to, but not limited to, the repatriation of cash and negative consequences from changes in or interpretations of tax laws;
- local labor conditions and regulations; and
- fluctuation in foreign currencies.

We cannot assure you that our investments outside the United States will produce desired levels of revenue or costs, or that one or more of the factors listed above will not harm our business.

Laws or regulations developed in one jurisdiction or for one product could result in new laws or regulations in other jurisdictions or for other products.

Regulators often monitor other approaches to the governance of the payment industry. As a result, law or regulation in one jurisdiction could result in similar developments in another. In addition, law and regulation involving one product could influence the extension of regulations to other product offerings.

The expansion of certain regulations could negatively impact our business in other geographies or for other products. Rules and regulations concerning interchange and business operations regulations, for example, may differ from country to country which adds complexity and expense to our operations.

These varying and increasingly complex regulations could limit our ability to globalize our products and negatively impact our business. These factors could significantly and adversely affect our business, financial condition and results of operations.

New laws, regulations and enforcement activities could negatively impact our business and the markets we presently operate in or could limit our expansion opportunities.

Our industry is subject to substantial regulation both domestically and internationally. There are often new regulatory efforts which could result in significant constraints and may impact our operations. These existing and emerging regulations can make the expansion of our business very difficult and negatively impact our revenue. Among the regulations that impact us or could impact us are those governing: interchange rates; interest rate and fee restrictions; credit access and disclosure requirements; collection and pricing regulations; compliance obligations; data security and data breach requirements; identity theft avoidance programs; and anti-money laundering compliance programs. We also often must obtain permission to conduct business in new locations from government regulators. Changes to these regulations, including expansion of consumer-oriented regulation to business-to-business transactions, could negatively impact our operations and financial condition and results of operations and further increase compliance costs and limit our ability to expand to new markets.

We also conduct business with other highly regulated businesses such as banks and payment card issuers. There continues to be significant potential reforms that could negatively affect their businesses, ability to maintain or expand their products and services, and the costs associated with doing so. These developments could also negatively impact our business.

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The acquisition of the ESSO Card program may have a significant impact on our business and results of operation.
In November 2013 we announced our plans to acquire the assets of ExxonMobil's' European commercial card program. The transaction is expected to close in late 2014 or early 2015 and upon its completion, we expect that this portfolio will contribute approximately $35 million in annual revenue. While this transaction is a significant milestone for us, we expect to make significant investments to integrate the Esso Card into our operations and systems. If we fail to complete the work necessary to support the integration, we may face project management and execution risks and may take longer than expected and delay when and if we realize the revenue from this transaction. This work may also impact our existing operations as resources are utilizes to support the ESSO Card integration and maintain the projected schedule.
We may incur impairment charges on goodwill or other intangible assets.
We account for goodwill in accordance with Financial Accounting Standards Board, or FASB, Accounting Standard Codification, or ASC, Topic 350, Intangibles—Goodwill and Other. Our reporting units and related indefinite-lived intangible assets are tested annually during the fourth fiscal quarter of each year in order to determine whether their carrying value exceeds their fair value. In addition, they are tested on an interim basis if an event occurs or circumstances change between annual tests that would more likely than not reduce their fair value below carrying value. If we determine the fair value of the goodwill or other indefinite-lived intangible assets is less than their carrying value as a result of the tests, an impairment loss is recognized. Any such write-down would adversely affect our results of operations.
Our goodwill resides in multiple reporting units. The profitability of individual reporting units may suffer periodically from downturns in customer demand and other factors, the high level of competition existing within our industry, and the level of overall economic activity. Individual reporting units may be relatively more impacted by these factors than the Company as a whole. As a result, demand for the services of one or more of the reporting units could decline which could adversely affect our operations and cash flow, and could result in an impairment of goodwill or intangible assets. As a result of our annual impairment analyses during the fourth quarter of fiscal 2013, we have determined that the fair value of the goodwill and other indefinite-lived intangible assets are greater than their carrying values, thus no impairment charge was recorded. For all reporting units, we use a discounted cash flow model of the projected earnings of reporting units to determine the amount of goodwill impairment. While we currently believe that the fair value of all of our intangibles substantially exceeds carrying value and that those intangibles so classified will contribute indefinitely to the cash flows of the Company, materially different assumptions regarding future performance of our reporting units or the weighted-average cost of capital used in the valuations could result in impairment losses and/or additional amortization expense.
Volatility in the financial markets may negatively impact our ability to access credit.
Adverse conditions in the credit market may limit our ability to access credit at a time when we would like or need to do so. Our senior secured credit facility expires in January 2018 when the outstanding balance will be due. Any limitation of availability of funds or credit facilities could have an impact on our ability to refinance the maturing debt or react to changing economic and business conditions which could adversely impact us.
Volatility in the financial markets may negatively impact WEX Bank’s ability to attract and retain deposits.
Adverse conditions in the credit market may limit WEX Bank’s ability to attract deposits at a time when it would like or need to do so. A significant credit ratings downgrade, material capital market disruptions, significant withdrawals by depositors at WEX Bank, or adverse changes to its industrial bank charter could impact our ability to maintain adequate liquidity and impact our ability to provide competitive offerings to our customers. Any limitation of availability of deposits could have an impact on our ability to finance our U.S. accounts receivable which could adversely impact us.
If our industrial bank subsidiary fails to meet certain criteria, we may become subject to regulation under the Bank Holding Company Act, which could force us to cease all of our non-banking activities and thus could have an adverse effect on our revenue and business.
WEX Bank meets the criteria for exemption of an industrial bank from the definition of “bank” under the Bank Holding Company Act. WEX Bank’s failure to qualify for this exemption would cause us to become subject to regulation under the Bank Holding Company Act. This would require us to divest WEX Bank or become a Bank Holding Company

and to possibly cease certain impermissible activities. Failure to qualify for this exemption could have an adverse effect on our revenue and business.
The loss or suspension of the charter for our Utah industrial bank or changes in regulatory requirements could be disruptive to operations and increase costs.

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WEX Bank's bank regulatory status enables WEX Bank to issue certificates of deposit, accept money market deposits and NOW account deposits, and borrow on a federal funds rate basis from other banks. These funds are used to support our U.S. payment processing operations, which require the Company to make payments, as well as for our virtual card and paycard products. WEX Bank operates under a uniform set of state lending laws, and its operations are subject to extensive state and federal regulation. WEX Bank, a Utah industrial bank incorporated in 1998, is an FDIC-insured depository institution. The bank's primary regulators are the Utah Department of Financial Institutions and the FDIC. Continued licensing and federal deposit insurance are subject to ongoing satisfaction of compliance and safety and soundness requirements. WEX Bank must be adequately capitalized as defined in the banking regulations and satisfy a range of additional capital requirements. If WEX Bank were to lose its bank charter, we would either outsource our credit support activities or perform these activities ourselves, which would subject us to the credit laws of each individual state in which we conduct business. Furthermore, we could not be a MasterCard issuer and would have to work with another financial institution to issue the product or sell the portfolio. Any such change would be disruptive to our operations and could result in significant incremental costs. In addition, changes in the bank regulatory environment, including the implementation of new or varying measures or interpretations by the State of Utah or the federal government, may significantly affect or restrict the manner in which we conduct business in the future.

We are subject to extensive supervision and regulation that could restrict our activities and impose financial requirements or limitations on the conduct of our business and limit our ability to generate income.

We are subject to extensive federal and state regulation and supervision, including that of the FDIC, the CFPB, and the Utah Department of Financial Institutions. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not shareholders or noteholders. These regulations affect our payment operations, capital structure, investment practices, dividend policy and growth, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, damages, civil money penalties or reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. While we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. The U.S. Congress and federal regulatory agencies frequently revise banking and securities laws, regulations and policies. We cannot predict whether or in what form any other proposed regulations or statutes will be adopted or the extent to which our business may be affected by any new regulation or statute. Such changes could subject our business to additional costs, limit the types of financial services and products we may offer and increase the ability of non-banks to offer competing financial services and products, among other things.

Our industrial bank subsidiary is subject to regulatory capital requirements that may require us to make capital contributions to it, and that may restrict the ability of the subsidiary to make cash available to us.

WEX Bank must maintain minimum amounts of regulatory capital. If WEX Bank does not meet these capital requirements, its regulators have broad discretion to institute a number of corrective actions that could have a direct material effect on our financial statements. WEX Bank, as an institution insured by the FDIC, must maintain certain capital ratios, paid-in capital minimums and adequate allowances for loan losses. Under the Dodd-Frank Act, we are also required to serve as a source of financial strength for WEX Bank. If WEX Bank were to fail to meet any of the capital requirements to which it is subject, or if required under Dodd-Frank's source of strength requirements, we may be forced to provide WEX Bank with additional capital, which could impair our ability to service our indebtedness. To pay any dividend, WEX Bank must maintain adequate capital above regulatory guidelines. Accordingly, WEX Bank may be unable to make any of its cash or other assets available to us, including to service our indebtedness.

Our industrial bank subsidiary is subject to funding risks associated with its reliance on brokered deposits.

Under applicable regulations, if WEX Bank were no longer "well capitalized," it would not be able to accept brokered deposits without the approval of the FDIC. WEX Bank's inability to accept brokered deposits, or a loss of a significant amount of its brokered deposits, could adversely affect our liquidity. Additionally, such circumstances could require it to raise deposit rates in an attempt to attract new deposits, or to obtain funds through other sources at higher rates, which would adversely affect our results of operations.

We are subject to restrictions on transactions with our industrial bank subsidiary, which may limit our ability to engage in transactions with and obtain credit from our industrial bank.

Sections 23A and 23B of the FRA and the implementing regulations limit the extent to which the Company can borrow or otherwise obtain credit from or engage in other “covered transactions” with WEX Bank. “Covered transactions” include loans or extensions of credit, purchases of or investments in securities, purchases of assets, including assets subject to an agreement to repurchase, acceptance of securities as collateral for a loan or extension of credit, or the issuance of a guarantee, acceptance, or letter of credit. Although the applicable rules do not serve as an outright bar on engaging in

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"covered transactions," they do limit the amount of covered transactions WEX Bank may have with any one affiliate and with all affiliates in the aggregate. Accordingly, WEX Bank may be unable to provide credit or engage in transactions with us, including transactions intended to help us service our indebtedness.

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

We collect and store data about our customers and their fleets, including bank account information and spending data. Our customers expect us to keep this information in our confidence. In certain instances, the information we collect includes social security numbers. As a result of applicable laws, we are required to take commercially reasonable measures to prevent the unauthorized access, acquisition, release and use of "personally identifiable information, such as social security numbers. While social security numbers constitute a very small part of the data we keep, in the event of a security breach we would be required to determine the types of information which was comprised and determine corrective actions and next steps under applicable laws, which would require us to expend capital and other resources to address the security breach and protect against future breaches.

Any security breach or inadvertent transmission of information about our customers or any violation of applicable privacy laws could expose us to liability in excess of any applicable insurance policies, litigation, regulatory scrutiny, and/or cause damage to our reputation.

Under the Gramm-Leach-Bliley Act ("GLBA"), we and WEX Bank are required to maintain a comprehensive written information security program that includes administrative, technical and physical safeguards relating to consumer information. This requirement generally does not extend to information about companies or about individuals who obtain financial products or services for business, commercial, or agricultural purposes.

GLBA also requires us and WEX Bank to provide initial and annual privacy notices to customers that describe in general terms our information sharing practices. If we or WEX Bank intend to share nonpublic personal information about consumers with affiliates and/or nonaffiliated third parties, we and WEX Bank must provide customers with a notice and a reasonable period of time for each customer to "opt out" of any such disclosure. In addition to U.S. federal privacy laws with which we must comply, states also have adopted statutes, regulations and other measures governing the collection and distribution of nonpublic personal information about customers. In some cases these state measures are preempted by federal law, but if not, we and WEX Bank must monitor and seek to comply with individual state privacy laws in the conduct of our businesses.

Any security breach or inadvertent transmission of information about our customers or any violation of federal or state privacy laws could expose us to liability in excess of any applicable insurance policies, litigation, regulatory scrutiny, and/or cause damage to our reputation.

Our failure to effectively implement new technology could jeopardize our position as a leader in our industry.

As a provider of information management and payment processing services, we must constantly adapt and respond to the technological advances offered by our competitors and the informational requirements of our customers, including those related to the Internet, in order to maintain and improve upon our competitive position. We may not be able to expand our technological capabilities and service offerings as rapidly as our competitors, which could jeopardize our position as a leader in our industry.

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

Our ability to process and authorize transactions electronically depends on our ability to electronically communicate with our fuel and vehicle maintenance providers through point-of-sale devices and electronic networks that are owned and operated by third parties. The electronic communications networks upon which we depend are often subject to disruptions of various magnitudes and durations. Any severe disruption of one or all of these networks could impair our ability to authorize transactions or collect information about such transactions, which, in turn, could harm our reputation for dependable service and adversely affect our results of operations. In addition, our ability to collect enhanced data relating to our customers' purchases may be limited by the use of older point-of-sale devices by fuel and vehicle maintenance providers. To the extent that fuel and vehicle maintenance providers within our network are slow to adopt advanced point-of-sale devices, we may not be able to offer the services and capabilities our customers demand.

Our industry continues to become increasingly competitive, which makes it more challenging for us to maintain profit margins at historical levels.

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We face and expect to continue to face competition in each category of the overall industry from several companies that seek to offer competing capabilities and services. Historically, we have been able to provide customers with a wide spectrum of services and capabilities and, therefore, we have not considered price to be the exclusive or even the primary basis on which we compete. As our competitors have continued to develop their service offerings, it has become increasingly more challenging for us to compete solely on the basis of superior capabilities or service. In some areas of our business we have been forced to respond to competitive pressures by reducing our fees. We have seen erosion of our historical profit margins as we encourage existing strategic relationships to sign long-term contracts. If these trends continue and if competition intensifies, our profitability may be adversely impacted.

While we have traditionally offered our services to all categories of the fleet industry, some of our competitors have successfully garnered significant share in particular categories of the overall industry. 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.

We also face increased competition in our efforts to enter into new strategic relationships and renew existing strategic relationships on the same terms.

Compliance with anti-money laundering laws and regulations creates additional compliance costs and reputational risk.

We must monitor and report unusual or suspicious account activity, as well as transactions involving amounts in excess of prescribed limits, as required by the Bank Secrecy Act and Internal Revenue Service regulations and other regulations. The USA PATRIOT Act of 2001 (the “USA Patriot Act”) imposes significant anti-money laundering compliance and due diligence obligations on financial institutions, including WEX Bank. Financial regulators have issued various implementing regulations and have made enforcement a top priority. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could result in the imposition of fines or penalties and other serious legal and reputational consequences which may impact our financial results.

Fluctuations in foreign currency exchange rates could affect our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar. Such currencies include the Australian dollar, euro, British pound sterling, New Zealand dollar and Brazilian Real. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect our revenues, operating income and the value of balance sheet items denominated in foreign currencies. We cannot assure that fluctuations in foreign currency exchange rates, particularly fluctuations in the U.S. dollar against other currencies, will not materially affect our financial results.

Our increased presence in foreign jurisdictions increases the possibility of foreign law violations or violation of the U.S. Foreign Corrupt Practices Act (“FCPA”) and United Kingdom Bribery Act of 2010 (“UKBA”).

We are subject to both the FCPA and the United Kingdom Bribery Act, as we own subsidiaries organized under UK law, which serve as a holding company for other subsidiaries. While the FCPA generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business, the UKBA is broader in its reach and prohibits bribery in purely commercial contexts. Any violation of the FCPA, the UKBA or similar laws and regulations could result in significant expenses, divert management attention, and otherwise have a negative impact on us. Any determination that we have violated the FCPA, UKBA or laws of any other jurisdiction could subject us to, among other things, penalties and legal expenses that could harm our reputation and have a material adverse effect on our financial condition and results of operation. The possibility of violations of the FCPA, UKBA or similar laws or regulations may increase as we expand globally and into countries with recognized corruption problems.

We may incur substantial losses due to fraudulent use of our card products.

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

If we fail to maintain effective systems of internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or prevent fraud, which could cause current and potential shareholders to lose confidence in our financial reporting, adversely affect the trading price of our securities or harm our operating results.

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Effective internal control over financial reporting and disclosure controls and procedures are necessary for us to provide reliable financial reports and effectively prevent fraud and operate successfully as a public company. Our financial reporting and disclosure controls and procedures are reliant, in part, on information we receive from third parties that supply information to us regarding transactions that we process. Any failure to develop or maintain effective internal control over financial reporting and disclosure controls and procedures could harm our reputation or operating results, or cause us to fail to meet our reporting obligations. As we complete acquisitions and expand our business operations both within the United States and internationally, we will need to maintain effective internal control over financial reporting and disclosure controls and procedures. If we are unable to adequately maintain our internal control over financial reporting, our external auditors will not be able to issue an unqualified opinion on the effectiveness of our internal control over financial reporting.

Ineffective internal control over financial reporting and disclosure controls and procedures could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities or affect our ability to access the capital markets and could result in regulatory proceedings against us by, among others, the SEC. In addition, a material weakness in internal control over financial reporting, which may lead to deficiencies in the preparation of financial statements, could lead to litigation claims against us. The defense of any such claims may cause the diversion of management’s attention and resources, and we may be required to pay damages if any such claims or proceedings are not resolved in our favor. Any litigation, even if resolved in our favor, could cause us to incur significant legal and other expenses. Such events could harm our business, affect our ability to raise capital and adversely affect the trading price of our securities.

Our ability to attract and retain qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance.

We believe our employees, including our executive management team, are our most important resource and, in our industry and geographic area, competition for qualified personnel is intense. If we were unable to retain and attract qualified employees, our performance could be materially adversely affected.

Historical transactions with our former parent company may adversely affect our financial statements.

The accounting and tax treatment of historical transactions involving Avis Budget Group, Inc., or Avis (formerly Cendant Corporation), our former corporate parent, and our other former affiliates such as Realogy Corporation and Wyndham Worldwide Corporation, may be reviewed from time to time by external parties, which may include government regulatory organizations and tax authorities. The decision by one or more of these organizations to undertake a review is beyond our control. While management does not believe, nor has any knowledge of, any transaction that would be in error or otherwise adjusted, corrections to the financial statements of Avis, or its successor or its current or former affiliates, could adversely affect our financial statements due to the interrelated nature of how these past transactions impact our financial statements.

Risks Relating to Our Common Stock

If any entity controls 10 percent or more of our common stock and such entity has caused a violation of applicable banking laws by its failure to obtain any required approvals prior to acquiring that common stock, we have the power to, and may be required to, restrict such entity’s ability to vote shares held by it.

As owners of a Utah industrial bank, we are subject to Utah banking regulations that require any entity that controls 10 percent or more of our common stock to obtain the prior approval of Utah banking authorities. Federal law also prohibits a person or group of persons from acquiring “control” of us unless the FDIC has been notified and has not objected to the transaction. Under the FDIC’s regulations, the acquisition of 10% or more of a class of our voting stock would generally create a rebuttable presumption of control.

Our certificate of incorporation requires that if any stockholder fails to provide us with satisfactory evidence that any required approvals have been obtained, we may, or will if required by state or federal regulators, restrict such stockholder’s ability to vote such shares with respect to any matter subject to a vote of our stockholders.

Provisions in our charter documents, Delaware law and applicable banking law may delay or prevent our acquisition by a third party.

Our certificate of incorporation and by-laws contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. These provisions include, among other things, a classified board of directors, the elimination of stockholder action by written consent, advance notice for raising business or making nominations at meetings of stockholders and “blank check” preferred stock. Blank check preferred stock enables our board of directors, without stockholder approval, to designate and issue additional series of preferred stock with such special

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dividend, liquidation, conversion, voting or other rights, including the right to issue convertible securities with no limitations on conversion, and rights to dividends and proceeds in a liquidation that are senior to the common stock, as our board of directors may determine. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding voting common stock. We also are subject to certain provisions of Delaware law, which could delay, deter or prevent us from entering into an acquisition, including Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in a business combination with an interested stockholder unless specific conditions are met. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock.

In addition, because we own a Utah industrial bank, any purchaser of our common stock who would own 10 percent or more of our common stock after such purchase would be required to obtain the consent of Utah banking authorities and the federal banking authorities prior to consummating any such acquisition. These regulatory requirements may preclude or delay the purchase of a relatively large ownership stake by potential investors.

Our stockholder rights plan could prevent a stockholder from receiving a premium over the market price for shares of common stock from a potential acquirer.

Our board of directors approved a stockholder rights plan, which entitles our stockholders to acquire shares of our common stock at a price equal to 50 percent of the then current market value in limited circumstances when a third party acquires 15 percent or more of our outstanding common stock or announces its intent to commence a tender offer for at least 15 percent of our common stock, in each case, in a transaction that our board of directors does not approve. The existence of these rights would significantly increase the cost of acquiring control of our Company without the support of our board of directors because, under these limited circumstances, all of our stockholders, other than the person or group who caused the rights to become exercisable, would become entitled to purchase shares of our common stock at a discount. The existence of the rights plan could therefore deter potential acquirers and thereby reduce the likelihood that our stockholders will receive a premium for their common stock in an acquisition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

All of our facilities are leased. The following table presents the details of our leased properties:

Property location	Square footage	Purpose of leased property
South Portland, Maine	67,000	Corporate headquarters
South Portland, Maine	83,000	Technical and customer service employees (4 buildings combined)
South Portland, Maine	7,500	Warehouse
Midvale, Utah	11,500	Bank operations and call center
Louisville, Kentucky	5,400	Fleet fuel operations
Nashville, Tennessee	66,800	Fleet One operations
Salem, Oregon	10,000	Pacific Pride operations
Tampa, Florida	5,300	rapid! PayCard operations
Melbourne, Australia	14,000	Australia Fuel operations
Sydney, Australia	7,400	Australia Other Payment Solutions operations
Perth, Australia	2,000	Australia Fuel operations
Auckland, New Zealand	13,500	International operations
São Paulo, Brazil	15,000	International operations
London, England	9,000	International operations

Additional financial information about our leased facilities appears in Item 8 – Note 17 of our consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

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As of the date of this filing, we are not involved in any material legal proceedings. We also were not involved in any material legal proceedings that were terminated during the fourth quarter of 2013. From time to time, we are subject to legal proceedings and claims in the ordinary course of business. We do not believe the outcome of any of pending litigation will have a material adverse effect on our financial statements.

ITEM 4. MINE SAFETY DISCLOSURES
Not applicable.

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PART II

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

Market Information

The principal market for the Company's common stock is the New York Stock Exchange ("NYSE") and our ticker symbol is WEX. The following table sets forth, for the indicated calendar periods, the reported intraday high and low sales prices of the common stock on the NYSE Composite Tape:

	High	Low
2012		
First quarter	$66.23	$51.59
Second quarter	$65.68	$53.14
Third quarter	$75.10	$58.58
Fourth quarter	$75.76	$66.43
2013		
First quarter	$80.52	$70.50
Second quarter	$80.72	$66.43
Third quarter	$91.84	$76.85
Fourth quarter	$101.58	$83.66

As of February 20, 2014, the closing price of our common stock was $90.76 per share, there were 38,890,626 shares of our common stock outstanding and there were five holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers or nominees.

Dividends

The Company has not declared any dividends on its common stock since it commenced trading on the NYSE on February 16, 2005. The timing and amount of future dividends, if any, will be (i) dependent upon the Company's results of operations, financial condition, cash requirements and other relevant factors, (ii) subject to the discretion of the Board of Directors of the Company and (iii) payable only out of the Company's surplus or current net profits in accordance with the General Corporation Law of the State of Delaware.

The Company has certain restrictions, on a rolling 4-quarter basis, on the dividends it may pay under its revolving credit agreement.

Share Repurchases

We used $17.9 million during 2013 to repurchase our own common stock. We did not purchase shares of our common stock during the fourth quarter of 2013. The approximate dollar value of shares that were available to be purchased under the our share repurchase program was $150.0 million as of December 31, 2013.

On February 7, 2007, we announced a share repurchase program authorizing the purchase of up to $75 million of our common stock over a 24 month period. In July 2008, our Board of Directors approved an increase of $75 million to the share repurchase authorization, and then extended the share repurchase program through July 25, 2013. We were authorized to purchase, in total, up to $150 million of our common stock. This extended share repurchase program expired on July 25, 2013. On September 23, 2013, we announced a new share repurchase program authorizing the purchase of up to $150 million worth of our common stock from time to time until September 30, 2017. Share repurchases are to be made on the open market and can be commenced or suspended at any time. Through December 31, 2013, we have not used any of the authorized amount to acquire shares of our common stock under the new repurchase program.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our summary historical financial information for the periods ended and as of the dates indicated. You should read the following historical financial information along with Item 7 and the consolidated financial statements and related notes thereto contained in this Form 10-K. The financial information included in the table below is derived from audited financial statements:

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(in thousands, except per share data)	December 31, 2013	2012	2011	2010	2009
Income statement information, for the year ended					
Total revenues	$717,463	$623,151	$553,076	$390,406	$315,203
Total operating expenses	$440,724	$401,532	$319,752	$239,697	$197,053
Financing interest expense	$29,419	$10,433	$11,676	$5,314	$6,210
Net realized and unrealized losses on fuel price derivatives	$(9,851)	$(12,365)	$(11,869)	$(7,244)	$(22,542)
Net earnings attributable to WEX Inc.	$149,208	$96,922	$133,622	$87,629	$139,659
Basic earnings per share	$3.83	$2.50	$3.45	$2.28	$3.65
Weighted average basic shares of common stock outstanding	38,946	38,840	38,686	38,486	38,303
Balance sheet information, at end of period					
Total assets	$3,433,043	$3,131,865	$2,278,060	$2,097,951	$1,499,662
Liabilities and stockholders' equity					
All liabilities except preferred stock	$2,511,017	$2,292,272	$1,568,745	$1,538,944	$1,048,346
Preferred stock	—	—	—	—	10,000
Redeemable noncontrolling interest	18,729	21,662	—	—	—
Total stockholders' equity	903,297	817,931	709,315	559,007	441,316
Total liabilities and stockholders' equity	$3,433,043	$3,131,865	$2,278,060	$2,097,951	$1,499,662

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2013 Highlights and Year in Review

WEX stands as a premier global payments solution provider in the fleet fuel market. Our opportunities for growth extend well beyond this market, and in particular to the online travel space. Building on a leading market position in our core fleet business, we continue to expand our company.

Our strategic approach to entering new markets is focused on three steps:

- Identify complicated markets facing complex challenges and inefficiencies,
- Develop products and services that address these unmet market needs, and,
- Operate with systemic efficiency through scale and cost management.

We have a proven model in the fleet space where we have developed a leading market position and a strong margin profile. We have done the same in the online travel industry where we continue to grow the business and create scale on a global basis. WEX is a leader in global virtual payments in the travel space.
Our Company was impacted by the following significant events and accomplishments in 2013:

- On November 8, 2013, we announced plans to acquire the assets of ExxonMobil's European commercial fuel card ("Esso Card") program through a majority owned subsidiary, WEX Europe Services Limited. The anticipated transaction is subject to completion of the employee information and consultation processes, and obtaining of competition authority approvals, as appropriate. Upon completion of the employee information and consultation process, WEX expects to enter into a definitive purchase and sale agreement related to the proposed acquisition with ExxonMobil. In addition, both parties plan to enter into a long term supply agreement to serve the current and future Esso Card customers and to grow the business. Under the terms of the proposed transaction, we will purchase ExxonMobil's commercial fleet fuel card program which includes operations, funding, pricing, and sales and marketing in nine countries in Europe. In anticipation of an expected closing in late fourth quarter 2014 or first quarter 2015, we will make investments relating to the integration of operations and systems. It is anticipated that these investments will occur over a two year period, and are expected to impact 2014 earnings by $10 to $13 million after taxes. Upon completion of the deal, we estimate this portfolio will contribute approximately $35 million in annual revenue.
- On October 15, 2013, the Company's Brazilian subsidiary UNIK, which we own a 51 percent controlling interest in, acquired FastCred, a company specializing in the management of electronic payment of freight. In addition to expanding the customer base, the acquisition complements the range of UNIK products, facilitating UNIK's entry into the freight payment card industry in the Brazilian market.
- On January 30, 2013, we completed a $400 million offering in aggregate principal amount of our 4.750% senior notes due on February 1, 2023, at an issue price of 100.0 percent of the principal amount, plus accrued interest, from January 30, 2013, in a private placement. In connection with the $400 million offering, we entered into an Amended and Restated Credit Agreement (the "2013 Credit Agreement"), among the Company, as borrower, WEX Card Holdings Australia Pty Ltd (formerly Wright Express Card Holdings Australia Pty Ltd), a wholly-owned subsidiary of the Company, as specified designated borrower ("Card Holdings Australia", and, together with the Company, the "Borrowers"), Bank of America, N.A., as administrative agent and letter of credit issuer ("Bank of America"), and the other lenders party thereto (the "Lenders"). The 2013 Credit Agreement provides for a five-year $300 million amortizing term loan facility, and a five-year $700 million secured revolving credit facility with a $150 million sub-limit for letters of credit.

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- Total fleet transactions processed increased 10 percent from 2012 to 370.6 million in 2013. Payment processing transactions increased 12 percent from 2012 to 292.1 million in 2013, and transaction processing transactions increased 2 percent from 2012 to 78.5 million in 2013. These transactions include the operations from Fleet One, subsequent to the date of acquisition of October 4, 2012.
- Our payment solutions purchase card product grew to $13.1 billion in purchase volume for 2013, which is a 22 percent increase from 2012. This increase is primarily due to our single use account product used for online travel-related purchases.
- Domestic fuel prices averaged $3.67 per gallon during 2013, down from an average of $3.73 per gallon during 2012. Australian fuel prices decreased 5 percent in 2013 as compared to 2012, to US $5.39 per gallon.

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Results of Operations

YEAR ENDED DECEMBER 31, 2013, AS COMPARED TO THE YEAR ENDED DECEMBER 31, 2012

FLEET PAYMENT SOLUTIONS SEGMENT

The following table reflects comparative operating results and key operating statistics within our Fleet Payment Solutions segment:

(in thousands, except per transaction and per gallon data)	2013	2012	Increase (decrease)
Revenues			
Payment processing revenue	$348,291	$316,480	10 %
Transaction processing revenue	19,444	16,943	15 %
Account servicing revenue	75,123	66,842	12 %
Finance fees	59,520	49,977	19 %
Other	25,046	20,349	23 %
Total revenues	527,424	470,591	12 %
Total operating expenses	314,313	274,236	15 %
Operating income	213,111	196,355	9 %
Financing interest expense [(a)]	(29,419)	(10,433)	182 %
Gain (loss) on foreign currency transactions	263	(395)	(167)%
Net realized and unrealized losses on domestic fuel price derivative instruments [(a)]	(9,851)	(12,365)	(20)%
Decrease in tax refund due to former shareholder of RD Card Holdings in Australia	—	6,968	(100)%
Increase in amount due under tax receivable agreement	(33)	(2,089)	(98)%
Income before taxes	174,071	178,041	(2)%
Income taxes	66,900	88,063	(24)%
Net income	$107,171	$89,978	19 %
Less: Net loss from noncontrolling interest	$(423)	$—	—
Net earnings attributable to WEX Inc.	$107,594	$89,978	20 %
Key operating statistics			
Payment processing revenue:			
Payment processing transactions	292,079	260,714	12 %
Average expenditure per payment processing transaction	$85.58	$77.78	10 %
Average price per gallon of fuel - Domestic – ($USD/gal)	$3.67	$3.73	(2)%
Average price per gallon of fuel - Australia – ($USD/gal)	$5.39	$5.66	(5)%
Transaction processing revenue:			
Transaction processing transactions	78,501	77,279	2 %
Account servicing revenue:			
Average number of vehicles serviced during the year	7,538	6,969	8 %

[(a)] As described in Item 8—Note 21 to our Financial Statements, financing interest expense through our corporate debt including the term loan and bond issuance, as well as net realized and unrealized gains and losses on derivative instruments are allocated solely to the Fleet Payment Solutions segment.

Revenues

Payment processing revenue increased $31.8 million for 2013, as compared to 2012. This increase is primarily due to the organic growth from our domestic fleet business and the acquisition of Fleet One during the fourth quarter of 2012. Reducing the overall increase was a 2 percent decrease in the average domestic price per gallon of fuel, as compared to 2012.

Transaction processing revenue increased $2.5 million for 2013, as compared to 2012. This increase is primarily due to network fees at Fleet One, which was acquired during the fourth quarter of 2012.
Account servicing revenue increased $8.3 million for 2013, as compared to 2012. This increase is primarily due to the acquisition of Fleet One during the fourth quarter of 2012 as well as an increase in WEX Telematics units service revenue.

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Our finance fees increased $9.5 million for 2013, as compared to 2012. With the acquisition of Fleet One during the fourth quarter of 2012, its factoring revenue has been included in finance fee revenue as well as the late fee revenue historically reported by the Company. The increase in finance fees is primarily due factoring revenue at Fleet One for 2013. Payments for customer receivables are due within thirty days or less. Late fee revenue, which is included in finance fees, is earned when a customer’s receivable balance becomes delinquent. The late fee is calculated using a stated late fee rate based on the outstanding balance. The absolute amount of such outstanding balances can be attributed to (i) changes in fuel prices; (ii) customer specific transaction volume; and (iii) customer specific delinquencies. Late fee revenue can also be impacted by changes in (i) late fee rates and (ii) increases or decreases in the number of customers with overdue balances. The change in 2013 is primarily due to the addition of (i) factoring revenue and (ii) higher accounts receivable balances, as a result of higher transaction volumes, resulting in an increase of approximately $3.3 million over 2012.

Expenses

The following table compares selected expense line items within our Fleet Payment Solutions segment:

(in thousands)	2013	2012	Increase (decrease)
Expense			
Salary and other personnel	$137,669	$106,552	29 %
Service fees	$31,563	$32,641	(3)%
Provision for credit losses	$19,726	$20,190	(2)%
Technology leasing and support	$15,384	$11,468	34 %
Depreciation, amortization and impairments	$51,437	$52,500	(2)%

- Salary and other personnel expenses increased $31.1 million for 2013, as compared to 2012. The increase is primarily due to additional employees from ongoing operations and from our acquisition of Fleet One, at the beginning of the fourth quarter of 2012.
- Service fees decreased $1.1 million during 2013, as compared to 2012. The decrease is primarily due to higher acquisition related expenses in 2012. This decrease is partially offset by higher fees associated with an increase in the numbers of WEX Telematics units, as compared to 2012, as well as a full year of fees incurred at Fleet One.
- Provision for credit losses decreased $0.5 million for 2013, as compared to 2012. We use a roll rate methodology to calculate the amount necessary for our ending receivable reserve balance. This methodology takes into account total receivable balances, recent charge off experience, recoveries on previously charged off accounts, and the dollars that are delinquent to calculate the total reserve. In addition, management undertakes a detailed evaluation of the receivable balances to help ensure further overall reserve adequacy. We generally measure our credit loss performance by calculating credit losses as a percentage of total fuel expenditures on payment processing transactions. Our credit losses as a percentage of customers spend decreased to 7.9 basis points as compared to 10.0 basis points for 2012. This decrease is primarily associated with lower net charge offs as compared to 2012.
- Technology leasing and support expenses increased $3.9 million for 2013, as compared to 2012. The increase is primarily the result of additional software maintenance costs associated with new license agreements.
- Depreciation, amortization and impairments expenses decreased $1.1 million for 2013, as compared to 2012. During 2012, we incurred an $8.9 million write-off of the internally developed software for our over-the-road product. The write-off was a consequence of our decision to utilize the software acquired with the acquisition of Fleet One as the processing platform for our over-the-road product. Offsetting this decrease was additional amortization associated with the intangible assets related to the acquisition of Fleet One, acquired at the beginning of the fourth quarter of 2012.

Financing interest expense is related to our credit agreements, as well as our 2007 credit facility and 2010 term loan. Interest expense for 2013 increased $19.0 million from 2012, due to higher interest rates on our financing debt associated with our $400 million 4.750% fixed rate notes outstanding issued on January 30, 2013, (the "Notes"). The proceeds of these Notes were primarily used to pay down borrowings under our 2011 Credit Agreement, which had a variable interest rate that was lower at the time of repayment. Financing interest expense in 2013 includes a $1 million write-off of deferred loan fees

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associated with the extinguishment of debt. The 2012 financing interest expense includes approximately $0.7 million in unamortized loan costs that was expensed at the time the 2007 credit facility was replaced.

Our effective tax rate was 38.4 percent for 2013 and 49.5 percent for 2012. The decrease in the effective tax rate compared to the prior year is primarily due to the impact of changes in the Australian tax consolidation laws in 2012. During the second quarter of 2012, we recorded a charge of approximately $26.3 million due to the impact of this tax legislation enacted on June 29, 2012, in Australia.

Fuel price derivatives

We own fuel price sensitive derivative instruments that we purchase on a periodic basis to manage the impact of volatility in domestic fuel prices on our cash flows. Our derivative instruments do not qualify for hedge accounting. Accordingly, realized and unrealized gains and losses on our fuel price sensitive derivative instruments affect our net income. During 2013 we recorded a loss of $9.9 million, consisting of a realized loss of $4.2 million and an unrealized loss of $5.6 million. During 2012 we recorded a loss of $12.4 million, consisting of a realized loss of $10.7 million and an unrealized loss of $1.7 million. These losses are due to the overall increase in the price of fuel relative to our hedged fuel prices.

ESSO Card program

On November 8, 2013, the Company announced that it plans to acquire the assets of ExxonMobil’s European commercial fuel card program through a majority owned subsidiary, WEX Europe Services Limited. The anticipated Esso Card program transaction is expected to close in late fourth quarter 2014 or first quarter 2015. We will make investments relating to the integration of operations and systems. It is anticipated that these investments will occur over a two year period, and are expected to impact 2014 earnings by $10 to $13 million after taxes.

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OTHER PAYMENT SOLUTIONS SEGMENT

The following table reflects comparative operating results and key operating statistics within our Other Payment Solutions segment:

(in thousands)	2013	2012	Increase (decrease)
Revenues			
Payment processing revenue	$133,615	$101,482	32 %
Transaction processing revenue	5,627	7,420	(24)%
Account servicing revenue	11,883	6,518	82 %
Finance fees	6,368	2,330	173 %
Other	32,546	34,810	(7)%
Total revenues	190,039	152,560	25 %
Total operating expenses	126,411	127,296	(1)%
Operating income	63,628	25,264	152 %
Decrease in tax refund due to former shareholder of RD Card Holdings Australia	—	2,782	(100)%
Gain on foreign currency transactions	701	96	630 %
Income before income taxes	64,329	28,142	129 %
Income taxes	23,202	21,411	8 %
Net income	$41,127	$6,731	511 %
Less: Net loss from noncontrolling interest	(487)	(213)	129 %
Net earnings attributable to WEX Inc.	41,614	6,944	499 %
Key operating statistics			
Payment processing revenue:			
Payment solutions purchase card volume	$13,057,666	$10,688,775	22 %

Payment processing revenue increased approximately $32.1 million for 2013, as compared to 2012. The primary driver of the increase in payment processing revenue is the increase in our corporate purchase card volume, which grew by approximately 2.4 billion in 2013 compared to 2012. Additionally, we experienced an increase in the charge card net interchange rate of 5 basis points during 2013 as compared to 2012, primarily due to customer specific incentives from our network provider.

Transaction processing revenue decreased approximately $1.8 million for 2013, as compared to 2012, primarily due to lower transaction based fees from WEX Prepaid Cards Australia (formerly Wright Express Prepaid Cards Australia).

Account servicing revenue increased approximately $5.4 million for 2013, as compared to 2012. Approximately $3.7 million of this increase is due to the acquisition of UNIK during 2012. The remaining increase is primarily due to domestic growth in our payroll card product.

Other revenue decreased $2.3 million for 2013 as compared to 2012, primarily due to the decrease in the of cross-border fees from the prior year as we process these transaction with local accounts. As a result of this decrease, our associated service fees have also decreased.

On November 9, 2012, the U.S District Court granted preliminary approval to a settlement between retailer, payment networks and card issuers regarding merchant interchange settlement fees. Under the terms of this settlement the domestic interchange rate for MasterCard branded credit card transactions was reduced by 10 basis points for a period of 8 months, beginning on July 29, 2013. This resulted in a revenue reduction of approximately $3.6 million in the second half of 2013.

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Expenses

The following table compares selected expense line items within our Other Payment Solutions segment:

(in thousands)	2013	2012	Increase (decrease)
Expense			
Salary and other personnel	$26,852	$16,828	60 %
Service fees	$71,865	$70,548	2 %
Provision for credit losses	$474	$2,349	(80)%
Depreciation, amortization and impairments	$6,771	$22,763	(70)%
Technology leasing and support	$8,833	$7,070	25 %

- Salary and other personnel expenses increased $10.0 million for 2013, as compared to 2012. Approximately $7.7 million of the increase is due to additional payroll costs associated with the operations of UNIK and CorporatePay acquired during 2012. The remaining increase is due to additional staff and increased benefit expense.
- Service fees increased by $1.3 million for 2013, as compared to 2012. Service fees increased by approximately $3.6 million as compared to the prior year due to additional expense associated with the operations of UNIK and CorporatePay, acquired during 2013. The increase is offset due to lower cross border fees as compared to the prior year.
- Provision for credit losses decreased $1.9 million for 2013, as compared to 2012. The decrease is primarily due to a bankruptcy from one customer during 2012.
- Depreciation, amortization and impairment expenses decreased $16.0 million for 2013, as compared to 2012. This decrease is primarily due to the $16.2 million impairment of goodwill associated with WEX Prepaid Cards Australia in 2012. During the third quarter of 2012, the Company determined that pricing pressure in the prepaid giftcard product in Australia would result in lower future earnings than forecasted at the time of the purchase of WEX Prepaid Cards Australia.
- Technology leasing and support expenses increased $1.8 million for 2013, as compared to 2012. This increase is primarily related to the volume increase in our corporate purchase card products.

Our effective tax rate was 36.1 percent for 2013 and 76.1 percent for 2012. The decrease in the effective tax rate compared to the prior year is partially due to changes in Australian tax consolidation laws. During 2012, we recorded a charge of approximately $5.1 million due to impact of the tax legislation enacted on June 29, 2012, in Australia. In addition, we did not recognize a tax benefit associated the goodwill impairment expense recorded in 2012.

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YEAR ENDED DECEMBER 31, 2012, AS COMPARED TO THE YEAR ENDED DECEMBER 31, 2011
FLEET PAYMENT SOLUTIONS SEGMENT
The following table reflects comparative operating results and key operating statistics within our Fleet Payment Solutions segment:

(in thousands, except per transaction and per gallon data)	2012	2011	Increase (decrease)
Revenues			
Payment processing revenue	$316,480	$293,756	8 %
Transaction processing revenue	16,943	16,553	2 %
Account servicing revenue	66,842	60,569	10 %
Finance fees	49,977	46,084	8 %
Other	20,349	19,742	3 %
Total revenues	470,591	436,704	8 %
Total operating expenses	274,236	244,910	12 %
Operating income	196,355	191,794	2 %
Financing interest expense [a]	(10,433)	(11,676)	(11)%
(Loss) gain on foreign currency transactions	(395)	(368)	7 %
Net realized and unrealized losses on domestic fuel price derivative instruments [a]	(12,365)	(11,869)	4 %
Decrease in tax refund due to former shareholder of RD Card Holdings in Australia	6,968	—	—
Increase in amount due under tax receivable agreement	(2,089)	(715)	192 %
Income before taxes	178,041	167,166	7 %
Income taxes	88,063	59,925	47 %
Net earnings attributable to WEX Inc.	$89,978	$107,241	(16)%
Key operating statistics			
Payment processing revenue:			
Payment processing transactions	260,714	247,928	5 %
Average expenditure per payment processing transaction	$77.78	$71.73	8 %
Average price per gallon of fuel - Domestic – ($USD/gal)	$3.73	$3.62	3 %
Average price per gallon of fuel - Australia – ($USD/gal)	$5.66	$5.47	3 %
Transaction processing revenue:			
Transaction processing transactions	77,279	71,501	8 %
Account servicing revenue:			
Average number of vehicles serviced	6,969	6,322	10 %

[a] As described in Item 8—Note 21 to our Financial Statements, financing interest expense and net realized and unrealized gains and losses on derivative instruments are allocated solely to the Fleet Payment Solutions segment.

Revenues
Payment processing revenue increased $22.7 million for 2012, as compared to 2011. Approximately $8.7 million of this increase is due to an increase in the number of domestic payment processing transactions. In addition, the 3 percent increase in the average domestic price per gallon of fuel, as compared to 2011, contributed approximately $3.9 million to this increase. The remaining increase is primarily due to the operations of Fleet One, acquired in the beginning of the fourth quarter of 2012.
Account servicing revenue increased $6.3 million for 2012, as compared to 2011. The increase in number of vehicles serviced in 2012 as compared to 2011, resulted in additional revenue of approximately $2.3 million. Approximately

$2.0 million of the increase is due to the monthly fees received from our WEX Telematics units, which have increased, as compared to 2011. The remaining increase is primarily due to the operations of Fleet One, acquired in the beginning of the fourth quarter of 2012.

Our finance fees increased $3.9 million for 2012, as compared to 2011. With the acquisitions of Fleet One during the fourth quarter of 2012, its factoring revenue has been included in finance fee revenue as well as the late fee revenue historically

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reported by the Company. Factoring revenue at Fleet One for the fourth quarter of 2012 was approximately $1.4 million. The change in 2012 is primarily due the addition of (i) factoring revenue and (ii) higher accounts receivable balances, as a result of higher fuel prices and transaction volumes, resulting in an increase of approximately $2.0 million over 2011.

Expenses

The following table compares selected expense line items within our Fleet Payment Solutions segment:

(in thousands)	2012	2011	Increase (decrease)
Expense			
Salary and other personnel	$106,552	$93,876	14 %
Service fees	$32,641	$21,926	49 %
Provision for credit losses	$20,190	$26,625	(24)%
Depreciation, amortization and impairments	$52,500	$39,904	32 %

- Salary and other personnel expenses increased $12.7 million for 2012, as compared to 2011. Approximately $10.9 million of this increase is due to additional employees from ongoing operations and from our acquisition of Fleet One, at the beginning of the fourth quarter of 2012. The remaining increase is due to a decrease in capitalized payroll of approximately $2.6 million in 2012 as compared to 2011, resulting in higher salary expense.
- Service fees increased $10.7 million during 2012, as compared to 2011. The increase is primarily due to expenses related to the 2012 acquisitions. Additionally, service fees associated with the WEX Telematics product line increased $1.3 million for 2012, as compared to 2011.
- Provision for credit losses decreased $6.4 million for 2012, as compared to 2011. Our credit losses as a percentage of customers spend decreased to 10.0 basis points as compared to 14.9 basis points for 2011. This decrease is primarily associated with lower charge offs as compared to 2011.
- Depreciation, amortization and impairment expenses increased $12.6 million for 2012, as compared to 2011. We incurred an $8.9 million write-off of the internally developed software for our over-the-road product during 2012. The write-off was a consequence of our decision to utilize the software acquired with the acquisition of Fleet One, during the fourth quarter of 2012, as the processing platform for our over-the-road product. Approximately $2.1 million of this increase is due to additional amortization associated with the intangible assets related to the acquisition of Fleet One, acquired at the beginning of the fourth quarter of 2012.

Financing interest expense is related to our 2011 Credit Agreement as well as our 2007 credit facility and 2010 term loan. Interest expense for 2012 decreased $1.2 million from 2011, due to lower interest rates on our financing debt, including the impacts of the interest rate swap that expired in March 2012. Finance interest expense in 2011 also includes approximately $0.7 million in unamortized loan costs that were expensed at the time the 2007 credit facility was replaced.

Our effective tax rate was 49.5 percent for 2012 and 35.9 percent for 2011. The increase in the effective tax rate compared to the prior year is primarily due to changes in Australian tax consolidation laws. During the second quarter of 2012, we recorded a charge of approximately $26.3 million due to the impact of this tax legislation enacted on June 29, 2012, in Australia.

Fuel price derivatives

During 2012, we recorded a loss of $12.4 million, consisting of a realized loss of $10.7 million and an unrealized loss of $1.7 million. During 2011, we recorded a loss of $11.8 million, consisting of a realized loss of $22.7 million and an unrealized gain of $10.9 million. The increase in losses is due to the overall increase in the price of fuel relative to our hedged fuel prices.

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OTHER PAYMENT SOLUTIONS SEGMENT

The following table reflects comparative operating results and key operating statistics within our Other Payment Solutions segment:

(in thousands)	2012	2011	Increase (decrease)
Revenues			
Payment processing revenue	$101,482	$77,570	31 %
Transaction processing revenue	7,420	8,185	(9)%
Account servicing revenue	6,518	3,432	90 %
Finance fees	2,330	731	219 %
Other	34,810	26,454	32 %
Total revenues	152,560	116,372	31 %
Total operating expenses	127,296	74,842	70 %
Operating income	25,264	41,530	(39)%
Decrease in tax refund due to former shareholder of RD Card Holdings Australia	2,782	—	—
Gain (loss) on foreign currency transactions	96	(91)	(205)%
Income before income taxes	28,142	41,439	(32)%
Income taxes	21,411	15,058	42 %
Net income	$6,731	$26,381	(74)%
Less: Net loss from noncontrolling interest	(213)	—	—
Net earnings attributable to WEX Inc.	6,944	26,381	(74)%
Key operating statistics			
Payment processing revenue:			
Payment solutions purchase card volume	$10,688,775	$7,759,466	38 %

Payment processing revenue increased approximately $23.9 million for 2012, as compared to 2011. Approximately $6.9 million of this increase is due to the acquisition of UNIK and Corporate Pay during 2012. The remaining increase is primarily due to additional business derived from our virtual card product, partially offset with a reduction in the interchange rate in 2012, as compared to 2011 due to contract mix, increased foreign spend, which generally has a lower interchange rate than domestic transactions, and a reduction in customer specific incentives received. Our corporate purchase card volume grew by over $2.53 billion in 2012 compared to 2011.

Transaction processing revenue decreased approximately $0.8 million for 2012, as compared to 2011, primarily due to lower transaction based fees from WEX Prepaid Cards Australia.

Account servicing revenue increased approximately $3.1 million for 2012, as compared to 2011. Approximately $1.1 million of this increase is due to the acquisition of UNIK and CorporatePay during 2012. The remaining increase is due to primarily due to the inclusion of a full year of operation of rapid! PayCard, which was acquired at the end of the first quarter of 2011.

Other revenue increased $8.4 million for 2012 as compared to 2011, primarily due to the increase in the volume of cross-border fees over the prior year. This increase is partially offset by an increase in associated service fees expense.

Expenses

The following table compares selected expense line items within our Other Payment Solutions segment:

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(in thousands)	2012	2011	Increase (decrease)	
Expense				
Salary and other personnel	$16,828	$10,734	57	%
Service fees	$70,548	$48,276	46	%
Provision for credit losses	$2,349	$902	160	%
Depreciation, amortization and impairments	$22,763	$5,465	317	%
Technology leasing and support	$7,070	$5,015	41	%

- Salary and other personnel expenses increased $6.1 million for 2012, as compared to 2011. Approximately $3.6 million of the increase is due to additional payroll costs associated with the operations of UNIK and CorporatePay acquired during 2012. Approximately $1.7 million of the increase is due to additional sales staff for our payroll card product. The remaining increase is due to additional staff and increased benefit expense.
- Service fees increased by $22.3 million for 2012, as compared to 2011. Approximately $4.4 million of this increase is due to additional expense associated with the operations of UNIK and CorporatePay, acquired during 2012. Approximately $2.5 million of the increase is a result of the full year of operation of rapid! PayCard, which was acquired at the end of the first quarter in 2011. The remaining increase is primarily due to higher fees associated with higher overall purchase volume in our domestic virtual card product.
- Provision for credit losses increased $1.4 million for 2012, as compared to 2011. The increase is primarily due to a bankruptcy from one customer during 2012.
- Depreciation, amortization and impairment expenses increased $17.3 million for 2012, as compared to 2011. This increase is primarily due to the September 30, 2012, $16.2 million impairment of goodwill associated with WEX Prepaid Cards Australia. During the third quarter of 2012, the Company determined that pricing pressure in the prepaid giftcard product in Australia would result in lower future earnings than forecasted at the time of the purchase of WEX Prepaid Card Australia.
- Technology leasing and support expenses increased $2.1 million for 2012, as compared to 2011. This increase is primarily related to the volume increase in our corporate purchase card products.

Our effective tax rate was 76.1 percent for 2012 and 36.3 percent for 2011. The increase in the effective tax rate compared to the prior year is primarily due to changes in Australian tax consolidation laws. During 2012, we recorded a charge of approximately $5.1 million due to impact of the tax legislation enacted on June 29, 2012, in Australia.

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LIQUIDITY, CAPITAL RESOURCES AND CASH FLOWS

We believe that our cash generating capability and financial condition, together with our revolving credit agreement, term loan and $400 million notes outstanding, as well as other available methods of financing (including deposit and borrowed federal funds), are adequate to meet our operating, investing and financing needs. As part of our overall financial structure, our industrial bank subsidiary, WEX Bank, utilizes brokered deposits, negotiable order of withdrawal (“NOW”) deposits and borrowed federal funds to finance our domestic accounts receivable.

The table below summarizes our cash activities:

	Year ended December 31,		
(in thousands)	2013	2012	2011
Net cash provided by operating activities	$39,551	$71,811	$51,168
Net cash used for investing activities	(51,342)	(429,824)	(40,504)
Net cash provided by (used for) financing activities	179,242	529,564	(2,583)

2013 Highlights

- During 2013, our increase in accounts receivable, net of the account receivable balances acquired with our acquisitions, is funded by operating activities as well as a $150 million overall increase in borrowed federal funds and deposits. Accounts receivable increased in 2013 over 2012 as a result of increased customer spend levels.
- On October 15, 2013, the Company's Brazilian subsidiary UNIK, in which we own a 51 percent controlling interest, acquired FastCred, a provider of fleet cards to the heavy truck or over-the-road segment of the fleet market in Brazil, for $12.3 million. The acquisition was funded through our term loan.
- On September 23, 2013, our Board of Directors authorized a new share repurchase program under which up to $150 million worth of our common stock may be repurchased from time to time until September 30, 2017, through open market purchases. We used $17.9 million during 2013 to repurchase our own common stock.
- During 2013, we had $39.5 million of capital expenditures. A significant portion of our capital expenditures are for the development of internal-use computer software primarily to enhance product features and functionality in the United States and abroad. During 2013, we also capitalized approximately $13 million related to the consolidation of our data centers. We expect total capital expenditures for 2014 to be approximately $40 to $45 million. Our capital spending is financed primarily through internally generated funds.

2012 Highlights

- During 2012, our increase in accounts receivable, net of the account receivable balances acquired with our acquisitions, is funded by operating activities as well as a $235 million overall increase in borrowed federal funds and deposits. The excess of NOW deposits is a result of the influx of capital associated with the Company's program with Higher One, Inc., a technology and payment processing company, through which the Company to a portion of Higher One Inc.'s customers. Accounts receivable increased in 2012 over 2011 as a result of increased customer spend levels, primarily due to higher fuel prices.
- On May 11, 2012, we acquired all of the stock of CorporatePay, a provider of corporate prepaid solutions to the travel industry in the United Kingdom for $27.8 million, net of cash acquired. The acquisition was funded through our revolving credit facility and term loan.
- On August 30, 2012, we acquired a 51 percent ownership interest in UNIK, a privately-held provider of payroll cards in Brazil, for $22.8 million. The acquisition was funded through our revolving credit facility and term loan.

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- On October 4, 2012, we acquired certain assets of Fleet One a privately-held provider of value-based business payment processing and information management solutions for $376.3 million, net of cash acquired. The acquisition was funded through our revolving credit facility and term loan.
- We used $11.3 million during 2012 to repurchase our own common stock.
- During 2012, we had $28.0 million of capital expenditures. A significant portion of our capital expenditures are for the development of internal-use computer software, primarily to enhance product features and functionality in the United States and abroad.

2011 Highlights

- During 2011, our increase in accounts receivable, net of the account receivable balance acquired with the acquisition of rapid! PayCard, is funded by operating activities as well as a $111 million overall increase in borrowed federal funds and brokered deposits. Accounts receivable increased in 2011 over 2010 as a result of increased customer spend levels, due to higher fuel prices.
- During 2011, we entered into a new credit facility and paid down $112.0 million of our financing debt.
- On March 31, 2011, we completed the acquisition of the assets of rapid! PayCard for $18.1 million, which included a $10 million projected earn-out payment at the end of the first quarter of 2012. The acquisition was funded through our revolving credit facility and term loan.
- During 2011, we had $25.1 million of capital expenditures. A significant portion of our capital expenditures are for the development of internal-use computer software, primarily to enhance product features and functionality in the United States and abroad.

Liquidity

General

In general, our trade receivables provide for payment terms of 30 days or less. We do not extend revolving credit to our customers with respect to these receivables. Receivables not paid within the terms of the customer agreement are generally subject to finance fees based upon the outstanding customer receivable balance. At December 31, 2013, approximately 95 percent of the outstanding balance of $1,722 million of total trade accounts receivable was current and approximately 99 percent of the outstanding balance of total trade accounts receivable was less than 60 days past due. The outstanding balance is made up of receivables from a wide range of industries. No customer makes up more than 4 percent of the outstanding receivables at December 31, 2013.

Our short-term cash requirements consist primarily of payments to major oil companies for purchases made by our fleet customers, payments to merchants for other payment solutions, payments on maturing and withdrawals of brokered deposits and borrowed federal funds, interest payments on our credit facility, cash payments for derivative instruments and other operating expenses. WEX Bank is responsible for the majority of domestic payments to major oil companies, merchants, and payments on maturing and withdrawals of brokered deposits and borrowed federal funds. WEX Bank can fund our short-term domestic cash requirements through the issuance of brokered deposits and borrowed federal funds. Any remaining cash needs are primarily funded through operations.

2013 Credit Agreement

On January 18, 2013, the Company entered into an Amended and Restated Credit Agreement (the “2013 Credit Agreement”), among the Company, as borrower, WEX Card Holdings Australia Pty Ltd, a wholly-owned subsidiary of the Company, as specified designated borrower, Bank of America, N.A., as administrative agent and letter of credit issuer, and the other lenders party thereto. The 2013 Credit Agreement is secured by pledges of the stock of our foreign subsidiaries.

The 2013 Credit Agreement provides for a five-year $300 million amortizing term loan facility, and a five-year $700 million secured revolving credit facility with a $150 million sub-limit for letters of credit. The 2013 Credit Agreement replaced the 2011 Credit Agreement, dated as of May 23, 2011. Subject to certain conditions, including obtaining relevant commitments, the Company has the option to increase the facility by up to an additional $100 million. As of December 31, 2013, we also had approximately $11.9 million in letters of credit outstanding. At December 31, 2013, we had $285 million of borrowed funds, and $688 million available, under the 2013 Credit Agreement, subject to the covenants as described below. Proceeds from the

2013 Credit Agreement may be used for working capital purposes, acquisitions, payment of dividends and other restricted payments, refinancing of indebtedness, and other general corporate purposes.

Amounts outstanding under the 2013 Credit Agreement bear interest at a rate equal to, at the Company's option, (a) the Eurocurrency Rate, as defined, plus a margin of 1.25 percent to 2.25 percent based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA or (b) the highest of (i) the Federal Funds Rate plus 0.50 percent (ii) the prime rate announced by the lead lender, and (iii) the Eurocurrency Rate plus 1.00 percent, in each case plus a margin of 0.25 percent to 1.25 percent based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA. In addition, the Company has agreed to pay a quarterly commitment fee at a rate per annum ranging from 0.20 percent to 0.40 percent based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA of the daily unused portion of the credit facility. Any outstanding loans under the 2013 Credit Agreement mature on January of 2018, unless extended pursuant to the terms of the 2013 Credit Agreement.

Our 2013 Credit Agreement contains financial covenants requiring us to maintain certain financial ratios. Specifically, it limits us to a maximum consolidated leverage ratio of 3.25 to 1.00 at the end of each fiscal quarter until the maturity date. The 2013 Credit Agreement also requires us to maintain a minimum consolidated interest coverage ratio of 3.00 to 1.00 at the end of each fiscal quarter until the maturity date.

In addition to the financial covenants, the 2013 Credit Agreement contains various customary restrictive covenants that limited our ability to pay dividends, sell or transfer all or substantially all of our property or assets, incur more indebtedness or make guarantees, grant or incur liens on our assets, make investments, loans, advances or acquisitions, engage in mergers, consolidations, liquidations or dissolutions and enter into sales or leasebacks. We were in compliance with all material covenants and restrictions at December 31, 2013.

At December 31, 2013, we did not have any interest rate swap arrangements in place, however we regularly review our projected borrowings under our credit facility and the current interest rate environment to determine if additional swaps should be executed.

$400 million notes outstanding

On January 30, 2013, the Company completed a $400 million offering in aggregate principal amount of its 4.750 percent senior notes due 2023 (the "Notes") at an issue price of 100.0 percent of the principal amount, plus accrued interest, from January 30, 2013. Proceeds from the Notes were used to pay down the entire outstanding balance of the revolver portion of our 2013 Credit Agreement. The remaining proceeds are available for working capital purposes, acquisitions, payment of dividends and other restricted payments, refinancing of indebtedness, and other general corporate purposes.

2011 Credit Agreement

On May 23, 2011, we entered into a Credit Agreement (the "2011 Credit Agreement"), by and among us and certain of our subsidiaries, as borrowers, and WEX Card Holdings Australia Pty Ltd, as specified designated borrower, with a lending syndicate. The 2011 Credit Agreement was secured by pledges of the stock of our foreign subsidiaries. The 2011 Credit Agreement provided for a five-year $200 million amortizing term loan facility and a five-year $700 million revolving credit facility with a $100 million sub-limit for letters of credit. Term loan payments in the amount of $2.5 million were due beginning on June 30, 2011, and thereafter on the last day of each September, December, March and June thereafter, through and including March 31, 2016, and on the maturity date for the term agreement, May 23, 2016, the remaining outstanding principal amount of $150 million was due.

Proceeds from the 2011 Credit Agreement were used to repay our indebtedness under the 2007 credit facility with a lending syndicate, and indebtedness under the 2010 term loan facility with a bank. The 2011 Credit Agreement funding was available for working capital purposes, acquisitions, payment of dividends and other restricted payments, refinancing of indebtedness, and other general corporate purposes.

Amounts outstanding under the 2011 Credit Agreement bore interest at a rate equal to, at our option, (a) the Eurocurrency Rate, as defined, plus a margin of 1.25 percent to 2.25 percent based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA or (b) the highest of (i) the Federal Funds Rate plus 0.50 percent, (ii) the prime rate announced by the lead lender, or (iii) the Eurocurrency Rate plus 1.00 percent, in each case plus a margin of 0.25 percent to 1.25 percent based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA. In addition, we agreed to pay a quarterly commitment fee at a rate per annum ranging from 0.20 percent to 0.40 percent of the daily unused portion of the credit facility. The 2011 Credit Agreement also contained financial covenants and customary restrictive covenant that were material similar to the 2013 Credit Agreement.

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The Company maintained interest rate swap arrangements in conjunction with the 2011 Credit Agreement that effectively converted $150 million of variable rate borrowing to fixed rate borrowing at a rate of approximately 0.56 percent that expired in March of 2012.

Deposits and borrowed federal funds

WEX Bank issued certificates of deposit in various maturities ranging between one month and two years and with fixed interest rates ranging from 0.30 percent to 0.80 percent as of December 31, 2013, as compared to fixed interest rates ranging from 0.26 percent to 1.15 percent as of December 31, 2012, and 0.25 percent to 1.60 percent as of December 31, 2011. WEX Bank also issues interest-bearing money market deposits with variable interest rates ranging from 0.15 percent to 0.35 percent as of December 31, 2013, as compared to variable interest rates ranging from 0.35 percent to 0.41 percent as of December 31, 2012, and 0.60 percent to 0.73 percent as of December 31, 2011. As of December 31, 2013, we had approximately $222.5 million of brokered deposits outstanding at a weighted average interest rate of 0.25 percent, compared to $613.1 million of brokered deposits at a weighted average interest rate of 0.53 percent as of December 31, 2012, and approximately $683.3 million of brokered deposits outstanding at a weighted average interest rate of 0.68 percent as of December 31, 2011.

WEX Bank may issue brokered deposits without limitation on the balance outstanding. However, WEX Bank must maintain minimum financial ratios, which include risk-based asset and capital requirements, as prescribed by the FDIC. As of December 31, 2013, all brokered deposits were in denominations of $250,000 or less, corresponding to FDIC deposit insurance limits. Interest-bearing money market funds may be withdrawn at any time. We believe that our brokered deposits are paying competitive yields and that there continues to be consumer demand for these instruments.

Beginning during the second quarter of 2012, we received non-interest bearing NOW account deposits. As of December 31, 2013, we had $276.4 million of non-interest bearing NOW account deposits. These deposits were in excess of our operating cash requirements to fund account receivables, which resulted in a larger than typical cash balance on our consolidated balance sheet for the current period. We anticipate this balance to decline based on historical patterns of the non-interest bearing NOW account deposits and scheduled maturities of our deposits. Deposits are subject to regulatory capital requirements.

We also carry non-interest bearing deposits that are required for certain customers as collateral for their credit accounts. We had $18.6 million of these deposits on hand at December 31, 2013, $16.2 million at December 31, 2012, and $10.4 million at December 31, 2011.

WEX Bank also borrows from lines of credit on a federal funds rate basis to supplement the financing of our accounts receivable. Our federal funds lines of credit were $125.0 million as of December 31, 2013, and $140.0 million as of December 31, 2012 and 2011, respectively, with no outstanding balance as of December 31, 2013.

Other Liquidity Matters

We discuss our hedging strategies relative to commodity and interest rate risk in Item 7A below. Our fuel price derivatives are entered into to mitigate the volatility that domestic fuel prices introduce to our revenue streams. The effect of these derivatives is to restrict a portion of our fuel price exposure to a collar range set in the previous year. As a result, at December 31, 2013, we have a liability related to these derivatives of approximately $7.4 million. During the course of the year we paid $4.2 million from the net settlement of expiring derivative contracts. Our long-term cash requirements, apart from amounts owing on our 2013 Credit Agreement, consist primarily of amounts due to Wyndham Worldwide Corporation (see Note 13 - Tax Receivable Agreement, in Part II, Item 8) as part of our tax receivable agreement.

Undistributed earnings of certain foreign subsidiaries of the Company amounted to $4.7 million at December 31, 2013, and $1.8 million at December 31, 2012. These earnings are considered to be indefinitely reinvested, and accordingly, no U.S. federal and state income taxes have been provided thereon. If we were to distribute such earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. The Company's primary tax jurisdictions are the United States and Australia.

Earnings outside of the United States are accompanied by certain financial risks, such as changes in foreign currency exchange rates. Changes in foreign currency exchange rates may reduce the reported value of our foreign currency revenues, net of expenses, and cash flows. We cannot predict changes in currency exchange rates, the impact of exchange rate changes, or the degree to which we will be able to manage the impact of currency exchange rate changes.

As of December 31, 2013, we have approximately $38.6 million in cash located in our foreign entities, outside of the United States.

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We currently have authorization from our Board to purchase up to $150 million of our common stock until September 30, 2017. Through December 31, 2013, we have not used any of the authorized amount to acquire shares of our common stock. The program will be funded either through our future cash flows or through borrowings on our 2013 Credit Agreement. Share repurchases will be made on the open market and may be commenced or suspended at any time. The Company’s management, based on its evaluation of market and economic conditions and other factors, will determine the timing and number of shares repurchased.

Management believes that we can adequately fund our cash needs for at least the next 12 months.

Off-balance Sheet Arrangements

We have the following off-balance sheet arrangements as of December 31, 2013:

- Operating leases. We lease office space, office equipment and computer equipment under long-term operating leases, which are recorded in occupancy and equipment or technology leasing and support.
- Extension of credit to customers. We have entered into commitments to extend credit in the ordinary course of business. We had approximately $5.65 billion of commitments to extend credit at December 31, 2013, as part of established customer agreements. These amounts may increase or decrease during 2013 as we increase or decrease credit to customers, subject to appropriate credit reviews, as part of our lending product agreements. Many of these commitments are not expected to be utilized; therefore, we do not believe total unused credit available to customers and customers of strategic relationships represents future cash requirements. We can adjust our customers’ credit lines at our discretion at any time. We believe that we can adequately fund actual cash requirements related to these credit commitments through the issuance of certificates of deposit, borrowed federal funds and other debt facilities.
- Letters of credit. We are required to post collateral primarily related to facility lease agreements and virtual card and fuel payment processing activity at our foreign subsidiaries. As of December 31, 2013, we have posted a $11.9 million letter of credit as collateral.

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Contractual Obligations

The table below summarizes the estimated dollar amounts of payments under contractual obligations as of December 31, 2013, for the periods specified:

(in thousands)	2014	2015	2016	2017	2018 and Thereafter	Total
Operating leases:						
Facilities	$6,898	$6,159	$4,019	$3,299	$3,502	$23,877
Equipment, including vehicles	669	387	151	52	—	1,259
Executive compensation - signing bonuses	235	50	—	—	—	285
Term Loan	15,000	15,000	15,000	15,000	225,000	285,000
Interest payments on term loan	5,498	5,201	4,918	4,608	219	20,444
$400 Million notes offering	—	—	—	—	400,000	400,000
Interest on $400 million notes offering	19,000	19,000	19,000	19,000	96,583	172,583
Tax receivable agreement	10,415	10,697	11,003	11,784	33,886	77,785
Certificates of deposit	453,539	117,857	—	—	—	571,396
Fuel price derivative contracts	6,435	923	—	—	—	7,358
Total	$517,689	$175,274	$54,091	$53,743	$759,190	$1,559,987

Uncertain tax liabilities - At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with uncertain tax liabilities; therefore, such amounts are not included in the above contractual obligation table.

Letters of credit - As of December 31, 2013, we had $11.9 million outstanding in undrawn irrevocable letters of credit issued by us in favor of third-party beneficiaries, primarily related to facility lease agreements and virtual card and fuel payment processing activity at our foreign subsidiaries. These irrevocable letters of credit are unsecured and are renewed on an annual basis unless the Company chooses not to renew them.

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Application of Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles. Preparation of these financial statements requires us to make estimates and judgments that affect reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. We continually evaluate our judgments and estimates in determination of our financial condition and operating results. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates are based on information available as of the date of the financial statements and, accordingly, actual results could differ from these estimates, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and operating results and require management's most subjective judgments. Our consolidated financial statements are based on the selection and application of critical accounting policies and estimates, the most significant of which are included in the tables below.

Reserve for Credit Losses

Description	Assumptions/Approach Used	Effect if Actual Results Differ from Assumptions
The reserve for losses relating to accounts receivable represents management's estimate of the losses inherent in the Company's outstanding portfolio of receivables. The reserve for credit losses reduces the Company's accounts receivable balances as reported in its financial statements to the net realizable value.	Management has consistently considered its portfolio of charge card receivables as a large group of smaller balance accounts that it has collectively evaluated for impairment. Reserves for losses on these receivables are primarily based on a model that analyzes specific portfolio statistics, including average charge-off rates for various stages of receivable aging (including: current, 30 days, 60 days, 90 days) over historical periods including average bankruptcy and recovery rates. Receivables are generally written off when they are 150 days past due or declaration of bankruptcy by the customer. The reserve reflects management's judgment regarding overall reserve adequacy. Management considers whether to adjust the reserve that is calculated by the analytic model based on other factors, such as the actual charge-offs for the preceding reporting periods, expected charge-offs and recoveries for the subsequent reporting periods, a	To the extent historical credit experience is not indicative of future performance, actual loss experience could differ significantly from management's judgments and expectations, resulting in either higher or lower future provisions for credit losses, as applicable. As of December 31, 2013, we have estimated a reserve for credit losses which is 0.60 percent of the total gross accounts receivable balance. An increase or decrease to this reserve by 0.5 percent would increase or decrease the provision for credit losses for the year by \$8.6 million. For the past three years, our reserve for credit losses in an annual period has not been in excess of 1.0 percent of the total receivable.

review of accounts receivable balances which become past due, changes in customer payment patterns, known fraudulent activity in the portfolio, as well as leading economic and market indicators.

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Business Combinations, Acquired Intangible Assets and Goodwill

Description	Assumptions/Approach Used	Effect if Actual Results Differ from Assumptions
Business combinations are accounted for at fair value. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair value for assets and liabilities acquired. Goodwill is comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value. Acquired intangible assets result from the allocation of the cost of an acquisition. These acquired intangibles include assets that amortize, primarily software and customer relationships, and those that do not amortize, specifically trademarks and certain trade names. The annual review of goodwill and non-amortizing intangibles values is performed as of October 1 of each year.	The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. For the reporting units that carry goodwill balances, our impairment test consists of a comparison of each reporting unit's carrying value to its estimated fair value. A reporting unit, for the purpose of the impairment test, is one level below the operating segment level. We have two reporting segments that are further broken into several reporting units for the impairment review. The estimated fair value of a reporting unit is primarily based on discounted estimated future cash flows. An appropriate discount rate is used, as well as risk premium for specific business units, based on the Company's cost of capital or reporting unit-specific economic factors. We generally validate the model by through a reconciliation of the fair value of all our reporting units to our overall market capitalization. The assumptions used to estimate the discounted cash flows are based on our best estimates about payment processing fees/interchange rates, sales volumes, costs (including fuel prices), future growth rates, capital expenditures and market conditions over an estimate of the remaining operating period at the reporting unit level. The discount rate at each	We review the carrying values of the unamortizing and amortizing assets for impairment annually and whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. Such circumstances would include, but are not limited to, a significant decrease in the perceived market price of the intangible, a significant adverse change in the way the asset is being used, or a history of operating or cash flow losses associated with the use of the intangible. Our goodwill resides in multiple reporting units. The profitability of individual reporting units may suffer periodically from downturns in customer demand or other economic factors. Individual reporting units may be relatively more impacted than the Company as a whole. Specifically, during times of economic slowdown, our customers may reduce their expenditures. As a result, demand for the services of one or more of the reporting units could decline which could adversely affect our operations, cash flow, and liquidity and could result in an impairment of goodwill or intangible assets. As of December 31, 2013, the Company had an aggregate of approximately $1,027 million on its consolidated balance sheet related to goodwill and intangible assets of acquired entities. Our analysis indicates that the calculated fair value of our

reporting unit is based on the weighted average cost of capital that is determined by evaluating the risk free rate of return, cost of debt, and expected equity premiums.

Non goodwill intangible assets are considered non-recoverable if the carrying amount exceeds the sum of undiscounted cash flows expected to result from the use of the assets. The recoverability test is based on management's intended use of the assets. If the asset fails the recoverability test, impairment is measured as the amount by which the carrying amount of the asset group exceeds its fair value. Fair value measurements under FASB Accounting Standards Codification ("ASC") 820 - Fair Value Measurements and Disclosures, are based on the assumptions of market participants. When determining the fair value of the asset group, entities must consider the highest and best use of the assets from a market-participant perspective.

reporting units support their carrying values as of December 31, 2013.

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Valuation of Derivatives

Description	Assumptions/Approach Used	Effect if Actual Results Differ from Assumptions
The Company has entered into several financial arrangements that are considered to be derivative transactions. In the case that the Company has entered into fuel price derivatives, no hedging relationship has been designated. Accordingly, when the derivatives are marked to their market value, the related gains or losses are recognized currently in earnings.	None of the derivatives that exist have readily determinable fair market values. Management determines fair value through alternative valuation approaches, primarily modeling that considers the value of the underlying index or commodity (where appropriate), over-the-counter market quotations, time value, volatility factors and counterparty credit risk. On a periodic basis, management reviews the statements provided by the counterparty to ensure the fair market values are reasonable when compared to the one it derived.	As of December 31, 2013, the Company had established that the net fair value of the derivatives was a liability of $7.4 million. Changes in fuel prices, interest rates and other variables have a significant impact on the value of the derivatives. Should either (i) the variables underlying pricing methodologies; (ii) the creditworthiness of the counterparty or (iii) the methodologies themselves substantially change, our results of operations could significantly change.

Changes to Accounting Policies

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (“ASU 2013-11"). The amendments in ASU 2013-11 require entities to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss ("NOL") carryforward, a similar tax loss, or a tax credit carryforward except when the following exist: (i) an NOL carryforward, a similar tax loss, or a tax credit carryforward is not available as of the reporting date under the governing tax law to settle taxes that would result from the disallowance of the tax position, and (ii) the entity does not intend to use the deferred tax asset for this purpose (provided the tax law permits a choice). If any of these conditions exist, entities should present an unrecognized tax benefit in the financial statements as a liability and should not net the unrecognized tax benefit with a deferred tax asset. ASU 2013-11 is effective for interim and annual periods beginning after December 15, 2013. We do not believe that the adoption of ASU 2013-11 will have a material impact on its results of operations when adopted in 2014.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02 Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This guidance is intended to provide disclosure on items reclassified out of accumulated other comprehensive income either in the notes or parenthetically on the face of the income statement. The required disclosure is in Note 18, Accumulated Other Comprehensive Income.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has entered into market risk sensitive instruments for purposes other than trading. The discussion below highlights quantitative and qualitative matters related to these instruments. All of the potential changes noted below are based on sensitivity analyses performed on our financial position at December 31, 2013. Actual results may differ materially.

Interest Rate Risk

At December 31, 2013, we had borrowings of $285 million under our 2013 Credit Agreement that bore interest at variable rates. We periodically review our projected borrowing under our 2013 Credit Agreement and the current interest rate environment in order to ascertain whether interest rate swaps should be entered into to either increase our coverage of our overall borrowings.

At December 31, 2013, WEX Bank had deposits (includes certificates of deposits, interest bearing money market deposits and borrowed federal funds) outstanding of $1,071 million. The deposits are generally short-term in nature. Upon maturity, the deposits will likely be replaced by issuing new deposits to the extent they are needed.

The following table presents the impact of changes in LIBOR on interest expense on our revolving credit facility and term loan for 2013 on the principal outstanding under the credit facility, as well as the impact of changes in interest rates on certificates of deposits, interest bearing money market deposits and borrowed federal funds:

(in thousands)	Impact[(a)]
Projected annual financing interest expense on credit agreement borrowings (assumes one-month LIBOR plus 175 basis points equal to 1.917%)	$5,463
Increase of:	
1.00%	$2,850
2.00%	$5,700
Projected annual operating interest expense on WEX Bank deposits (certificates of deposits at 0.53% and interest bearing money market deposits at 0.25%)	$3,585
Increase of:	
1.00%	$7,939
2.00%	$15,879

(a) Changes to interest expense presented in this table are based on interest payments, outstanding balance and rate as of December 31, 2013.

At December 31, 2013, WEX Bank had negotiable order of withdrawal account deposits outstanding of $276 million.

(in thousands)	Impact[(b)]
Projected annual interest expense (based on the federal fund rate) on NOW account deposits using federal funds rate of 0.25%	$—
Increase of:	
1.00%	$—
2.00%	$346

(b) Changes to interest expense presented in this table are based on the outstanding balance and rate as of December 31, 2013.

Foreign Currency Risk

Growth in our international operations will incrementally increase our exposure to foreign currency fluctuations as well as other risks typical of international operations, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures and other regulations and restrictions. Foreign exchange rate fluctuations may adversely impact our consolidated results of operations as exchange rate fluctuations on transactions denominated in currencies other than our functional currencies result in gains and losses that are reflected in our consolidated statements of operations. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased net revenues and operating expenses.

Conversely, our net revenues and operating expenses will decrease when the U.S. dollar strengthens against foreign currencies.
Commodity Price Risk

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As discussed in the "Fuel Price Derivatives" section of Item 1, we use derivative instruments to manage the impact of volatility in North American fuel prices. We have entered into put and call option contracts ("Options") based on the wholesale price of unleaded gasoline and retail price of diesel fuel, which settle on a monthly basis through the second quarter of 2015. The Options are intended to lock in a range of prices during any given quarter on a portion of our forecasted earnings subject to fuel price variations. Our fuel price risk management program is designed to purchase derivative instruments to manage our fuel price-related earnings exposure.
The following table presents information about the Options:

	December 31, 2013			
(in thousands except per gallon data)	Put Strike Price of Underlying Option (per gallon) (a)	Call Strike Price of Underlying Option (per gallon) (a)	Aggregate Notional Amount (gallons) (b)	Fair Value
Fuel price derivative instruments – unleaded fuel – wholesale strike price				
Options settling October 2014 – June 2015	$2.568	$ 2.628	7,582	$(481)
Options settling July 2014 – March 2015	$2.510	$ 2.570	7,732	(1,076)
Options settling April 2014 – December 2014	$2.615	$ 2.675	7,861	(1,051)
Options settling January 2014 – September 2014	$2.700	$ 2.760	8,182	(911)
Options settling October 2013 – June 2014	$2.485	$ 2.545	4,144	(1,407)
Options settling July 2013 – March 2014	$2.633	$ 2.693	2,364	(290)
Total fuel price derivative instruments – unleaded fuel			37,865	$(5,216)
Fuel price derivative instruments – diesel fuel – retail strike price				
Options settling October 2014 – June 2015	$3.785	$ 3.845	3,609	$(318)
Options settling July 2014 – March 2015	$3.788	$ 3.848	3,691	(385)
Options settling April 2014 – December 2014	$3.800	$ 3.860	3,745	(436)
Options settling January 2014 – September 2014	$3.810	$ 3.870	4,046	(516)
Options settling October 2013 – June 2014	$3.713	$ 3.773	1,862	(413)
Options settling July 2013 – March 2014	$3.878	$ 3.938	1,062	(74)
Total fuel price derivative instruments – diesel			18,015	$(2,142)
Total fuel price derivative instruments			55,880	$(7,358)

(a) The settlement of the Options is based upon the New York Mercantile Exchange's New York Harbor Reformulated Gasoline Blendstock for Oxgenate Blending and the U.S. Department of Energy's weekly retail on-highway diesel fuel price for the month.
(b) The Options settle on a monthly basis.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of WEX Inc.
South Portland, Maine

We have audited the accompanying consolidated balance sheets of WEX Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of WEX Inc. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Boston, Massachusetts
February 27, 2014

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WEX INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 31, 2013	2012
Assets		
Cash and cash equivalents	$361,486	$197,662
Accounts receivable (less reserve for credit losses of $10,396 in 2013 and $11,709 in 2012)	1,712,061	1,556,275
Available-for-sale securities	15,963	16,350
Property, equipment and capitalized software, net	72,277	60,097
Deferred income taxes, net	88,965	121,007
Goodwill	818,402	847,986
Other intangible assets, net	208,997	241,950
Other assets	154,892	90,538
Total assets	$3,433,043	$3,131,865
Liabilities and Stockholders' Equity		
Accounts payable	$512,878	$527,838
Accrued expenses	92,335	67,419
Income taxes payable	16,066	10,038
Deposits	1,088,930	890,345
Borrowed federal funds	—	48,400
Revolving line-of-credit facilities and term loan	285,000	621,000
Deferred income taxes, net	14,293	18,407
Notes outstanding	400,000	—
Amounts due under tax receivable agreement	77,785	86,550
Fuel price derivatives, at fair value	7,358	1,729
Other liabilities	16,372	20,546
Total liabilities	2,511,017	2,292,272
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest	18,729	21,662
Stockholders' Equity		
Common stock $0.01 par value; 175,000 shares authorized; 42,901 in 2013 and 42,586 in 2012 shares issued; 38,987 in 2013 and 38,908 in 2012 shares outstanding	429	426
Additional paid-in capital	168,891	162,470
Noncontrolling interest	519	—
Retained earnings	879,519	730,311
Accumulated other comprehensive (loss) income	(15,495)	37,379
Treasury stock at cost; 4,007 shares in 2013 and 3,766 shares in 2012	(130,566)	(112,655)
Total stockholders' equity	903,297	817,931
Total liabilities and stockholders' equity	$3,433,043	$3,131,865

See notes to consolidated financial statements.

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WEX INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Year ended December 31,		
	2013	2012	2011
Revenues			
Fleet payment solutions	$527,424	$470,591	$436,704
Other payment solutions	190,039	152,560	116,372
Total revenues	717,463	623,151	553,076
Expenses			
Salary and other personnel	164,521	123,380	104,610
Service fees	103,428	103,189	70,202
Provision for credit losses	20,200	22,539	27,527
Technology leasing and support	24,217	18,537	15,423
Occupancy and equipment	15,967	12,361	11,803
Advertising	11,176	10,155	9,713
Marketing	3,684	3,679	3,240
Postage and shipping	5,140	4,347	4,325
Communications	7,069	5,373	5,115
Depreciation, amortization and impairments	58,208	75,263	45,369
Operating interest expense	4,287	4,990	5,453
Other	22,827	17,719	16,972
Total operating expenses	440,724	401,532	319,752
Operating income	276,739	221,619	233,324
Financing interest expense	(29,419)	(10,433)	(11,676)
Net gain (loss) on foreign currency transactions	964	(299)	(459)
Net realized and unrealized losses on fuel price derivatives	(9,851)	(12,365)	(11,869)
Decrease in tax refund due to former shareholder of RD Card Holdings Australia	—	9,750	—
Increase in amount due under tax receivable agreement	(33)	(2,089)	(715)
Income before income taxes	238,400	206,183	208,605
Income taxes	90,102	109,474	74,983
Net income	148,298	96,709	133,622
Less: Net loss from non-controlling interests	(910)	(213)	—
Net earnings attributable to WEX Inc.	$149,208	$96,922	$133,622
Net earnings attributable to WEX Inc. per share:			
Basic	$3.83	$2.50	$3.45
Diluted	$3.82	$2.48	$3.43
Weighted average common shares outstanding:			
Basic	38,946	38,840	38,686
Diluted	39,103	39,092	38,998

See notes to consolidated financial statements.

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WEX INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year ended December 31,		
	2013	2012	2011
Net income	$148,298	$96,709	$133,622
Changes in available-for-sale securities, net of tax effect of $(367) in 2013, $(3) in 2012 and $66 in 2011	(630)	(3)	108
Changes in interest rate swap, net of tax effect of $0 in 2013, $35 in 2012 and $179 in 2011	—	60	308
Foreign currency translation	(54,776)	6,705	2,567
Comprehensive income	92,892	103,471	136,605
Less: comprehensive loss attributable to noncontrolling interest	(910)	(242)	—
Comprehensive income attributable to WEX Inc.	$93,802	$103,713	$136,605

See notes to consolidated financial statements.

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WEX INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock							
	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings	Noncontrolling interest in subsidiaries	Total Equity
Balance at December 31, 2010	38,437	$419	$132,583	$ 27,605	$(101,367)	$499,767	$ —	$559,007
Stock issued upon exercise of stock options	216	3	2,913	—	—	—	—	2,916
Tax benefit from stock option and restricted stock units	—	—	3,970	—	—	—	—	3,970
Stock issued upon vesting of restricted and deferred stock units	112	1	—	—	—	—	—	1
Stock-based compensation, net of shares repurchased for tax withholdings	—	—	6,816	—	—	—	—	6,816
Changes in available-for-sale securities, net of tax effect of $66	—	—	—	108	—	—	—	108
Changes in interest rate swaps, net of tax effect of $179	—	—	—	308	—	—	—	308
Foreign currency translation	—	—	—	2,567	—	—	—	2,567
Net earnings attributable to WEX Inc.	—	—	—	—	—	133,622	—	133,622
Balance at December 31, 2011	38,765	423	146,282	30,588	(101,367)	633,389	—	709,315
Stock issued upon exercise of stock options	234	2	4,623	—	—	—	—	4,625
Tax benefit from stock option and restricted stock units	—	—	4,466	—	—	—	—	4,466
Stock issued upon vesting of restricted and deferred stock units	109	1	—	—	—	—	—	1
Stock-based compensation, net of shares repurchased for tax withholdings	—	—	8,093	—	—	—	—	8,093
Other	—	—	(994)	—	—	—	—	(994)

Purchase of shares of treasury stock	(200)	—	—	—	(11,288)	—	—	(11,288)
Changes in available-for-sale securities, net of tax effect of $(3)	—	—	—	(3)	—	—	—	(3)
Changes in interest rate swaps, net of tax effect of $35	—	—	—	60	—	—	—	60
Foreign currency translation	—	—	—					