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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended March 31, 2013**  
**or**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number: 001-35462**

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**Vantiv, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of incorporation)

**26-4532998**  
(I.R.S. Employer Identification No.)

**8500 Governor's Hill Drive**  
**Symmes Township, OH 45249**  
(Address of principal executive offices and zip code)  
**(513) 900-5250**  
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of March 31, 2013, there were 141,500,030 shares of the Registrant's Class A common stock outstanding and 70,219,136 shares of the Registrant's Class B common stock outstanding.

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VANTIV, INC.  
FORM 10-Q

For the Quarterly Period Ended March 31, 2013

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## NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, our objectives for future operations, and any statements of a general economic or industry specific nature, are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “continue,” “could,” “should,” “can have,” “likely,” or the negative or plural of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe, based on information currently available to our management, may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations and assumptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We undertake no obligation to publicly update any forward-looking statement after the date of this report, whether as a result of new information, future developments or otherwise, or to conform these statements to actual results or revised expectations, except as may be required by law.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**Unaudited**  
**(In thousands, except share data)**

	Three Months Ended March 31,	
	2013	2012
Revenue:		
External customers	\$ 479,159	\$ 414,620
Related party revenues	18,807	18,169
Total revenue	497,966	432,789
Network fees and other costs	225,065	200,208
Sales and marketing	75,976	72,757
Other operating costs	50,560	39,009
General and administrative	31,099	28,597
Depreciation and amortization	43,296	38,895
Income from operations	71,970	53,323
Interest expense—net	(9,694)	(24,450)
Non-operating expenses	—	(91,836)
Income (loss) before applicable income taxes	62,276	(62,963)
Income tax expense (benefit)	17,811	(20,035)
Net income (loss)	44,465	(42,928)
Less: Net (income) loss attributable to non-controlling interests	(18,346)	24,564
Net income (loss) attributable to Vantiv, Inc.	\$ 26,119	\$ (18,364)
Net income (loss) per share attributable to Vantiv, Inc. Class A common stock:		
Basic	\$ 0.19	\$ (0.20)
Diluted	\$ 0.18	\$ (0.38)
Shares used in computing net income (loss) per share of Class A common stock:		
Basic	137,084,276	93,018,506
Diluted	214,584,791	102,377,931

See Notes to Unaudited Consolidated Financial Statements.

**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**Unaudited**  
**(In thousands)**

	Three Months Ended March 31,	
	2013	2012
Net income (loss)	\$ 44,465	\$ (42,928)
Other comprehensive income, net of tax:		
Reclassification adjustment for losses on hedging activity included in net loss	—	23,929
Comprehensive income (loss)	44,465	(18,999)
Less: Comprehensive (income) loss attributable to non-controlling interests	(18,346)	10,149
Comprehensive income (loss) attributable to Vantiv, Inc.	\$ 26,119	\$ (8,850)

See Notes to Unaudited Consolidated Financial Statements.

**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**Unaudited**  
(In thousands, except share data)

	March 31, 2013	December 31, 2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 141,740	\$ 67,058
Accounts receivable—net	401,297	397,664
Related party receivable	5,125	4,415
Settlement assets	130,111	429,377
Prepaid expenses	17,287	10,629
Other	11,851	11,934
Total current assets	707,411	921,077
Customer incentives	29,207	28,927
Property and equipment—net	176,629	174,940
Intangible assets—net	853,187	884,536
Goodwill	1,807,775	1,804,592
Deferred taxes	141,361	141,361
Other assets	23,126	24,096
Total assets	\$ 3,738,696	\$ 3,979,529
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 211,977	\$ 215,998
Related party payable	2,705	1,625
Settlement obligations	319,551	542,564
Current portion of note payable to related party	16,000	28,800
Current portion of note payable	36,500	63,700
Current portion of tax receivable agreement obligations to related parties	31,595	—
Deferred income	11,716	9,667
Current maturities of capital lease obligations	4,889	5,505
Other	222	1,609
Total current liabilities	635,155	869,468
Long-term liabilities:		
Note payable to related party	288,000	292,000
Note payable	862,730	871,605
Tax receivable agreement obligations to related parties	453,105	484,700
Capital lease obligations	7,611	8,275
Deferred taxes	8,207	8,207
Other	1,039	1,039
Total long-term liabilities	1,620,692	1,665,826
Total liabilities	2,255,847	2,535,294
Commitments and contingencies (See Note 6 - Commitments, Contingencies and Guarantees)		
Equity:		
Class A common stock, \$0.00001 par value; 890,000,000 shares authorized; 141,500,030 shares outstanding at March 31, 2013; 142,243,680 shares outstanding at December 31, 2012	1	1
Class B common stock, no par value; 100,000,000 shares authorized; 70,219,136 shares issued and outstanding at March 31, 2013 and December 31, 2012	—	—
Preferred stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Paid-in capital	774,449	766,337
Retained earnings	95,613	69,494
Treasury stock, at cost; 1,415,456 shares at March 31, 2013 and 978,226 shares at December 31, 2012	(27,308)	(17,906)
Total Vantiv, Inc. equity	842,755	817,926
Non-controlling interests	640,094	626,309
Total equity	1,482,849	1,444,235
Total liabilities and equity	\$ 3,738,696	\$ 3,979,529

See Notes to Unaudited Consolidated Financial Statements.



**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Unaudited**  
**(In thousands)**

	Three Months Ended March 31,	
	2013	2012
<b>Operating Activities:</b>		
Net income (loss)	\$ 44,465	\$ (42,928)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	43,296	38,895
Amortization of customer incentives	2,475	1,234
Amortization and write-off of debt issuance costs	1,001	56,352
Share-based compensation expense	6,740	8,663
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable and related party receivable	(4,344)	15,984
Increase (decrease) in net settlement assets and obligations	76,253	(69,789)
Increase in customer incentives	(5,815)	(1,422)
Increase in prepaid and other assets	(6,232)	(26,764)
Decrease in accounts payable and accrued expenses	(4,516)	(29,754)
Increase (decrease) in payable to related party	1,080	(2,864)
Increase in other liabilities	2,049	1,719
Net cash provided by (used in) operating activities	156,452	(50,674)
<b>Investing Activities:</b>		
Purchases of property and equipment	(12,342)	(15,614)
Acquisition of customer portfolios and related assets	(32)	(2,829)
Purchase of investments	(124)	—
Net cash used in investing activities	(12,498)	(18,443)
<b>Financing Activities:</b>		
Proceeds from initial public offering, net of offering costs of \$39,091	—	460,913
Proceeds from follow-on offering, net of offering costs of \$1,951	—	33,512
Proceeds from issuance of long-term debt	—	1,248,750
Repayment of debt and capital lease obligations	(56,681)	(1,761,784)
Payment of debt issuance costs	—	(28,949)
Purchase of Class B units in Vantiv Holding from Fifth Third Bank	—	(33,512)
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(9,402)	(11,929)
Tax benefit from employee share-based compensation	3,607	10,244
Distribution to funds managed by Advent International Corporation	—	(40,086)
Distribution to non-controlling interests	(6,796)	(22,229)
Net cash used in financing activities	(69,272)	(145,070)
Net increase (decrease) in cash and cash equivalents	74,682	(214,187)
Cash and cash equivalents—Beginning of period	67,058	370,549
Cash and cash equivalents—End of period	\$ 141,740	\$ 156,362
<b>Cash Payments:</b>		
Interest	\$ 8,570	\$ 32,559
Taxes	13,465	773
<b>Non-cash Items:</b>		
Issuance of tax receivable agreements	\$ —	\$ 333,000

See Notes to Unaudited Consolidated Financial Statements.



**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**Unaudited**  
**(In thousands)**

	<b>Total</b>	<b>Common Stock</b>				<b>Treasury Stock</b>	<b>Paid-in</b>	<b>Retained</b>	<b>Non-</b>			
		<b>Class A</b>		<b>Class B</b>						<b>Capital</b>	<b>Earnings</b>	<b>Controlling</b>
		<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>							
Beginning Balance, January 1, 2013	\$ 1,444,235	142,244	\$ 1	70,219	\$ —	978	\$ (17,906)	\$ 766,337	\$ 69,494	\$ 626,309		
Net income	44,465	—	—	—	—	—	—	—	26,119	18,346		
Tax benefit from employee share-based compensation	3,607	—	—	—	—	—	—	3,607	—	—		
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(9,402)	(437)	—	—	—	437	(9,402)	—	—	—		
Distribution to non-controlling interests	(6,796)	—	—	—	—	—	—	—	—	(6,796)		
Share-based compensation	6,740	—	—	—	—	—	—	4,505	—	2,235		
Forfeitures of restricted stock awards	—	(307)	—	—	—	—	—	—	—	—		
Ending Balance, March 31, 2013	<u>\$ 1,482,849</u>	<u>141,500</u>	<u>\$ 1</u>	<u>70,219</u>	<u>\$ —</u>	<u>1,415</u>	<u>\$ (27,308)</u>	<u>\$ 774,449</u>	<u>\$ 95,613</u>	<u>\$ 640,094</u>		

See Notes to Unaudited Consolidated Financial Statements.

**Vantiv, Inc.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**Unaudited**  
**(In thousands)**

	Total Equity	Common Stock						Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Non- Controlling Interests
		Class A		Class B		Treasury Stock					
		Shares	Amount	Shares	Amount	Shares	Amount				
Beginning Balance, January 1, 2012	\$ 1,255,720	89,516	\$ 1	—	—	—	—	\$ 581,241	\$ 51,970	\$ (9,514)	\$ 632,022
Net loss	(42,928)	—	—	—	—	—	—	—	(18,364)	—	(24,564)
Issuance of Class A common stock upon initial public offering, net of offering costs	460,913	29,412	—	—	—	—	—	460,913	—	—	—
Issuance of Class A common stock in connection with follow-on offering, net of offering costs	33,512	2,086	—	—	—	—	—	33,512	—	—	—
Issuance of Class A common stock to prior unit holders under the Vantiv Holding Management Phantom Equity Plan	—	8,716	—	—	—	—	—	—	—	—	—
Tax benefit from employee share-based compensation	10,244	—	—	—	—	—	—	10,244	—	—	—
Issuance of Class A common stock to JPDN in exchange for Class A and Class B units in Vantiv Holding held by JPDN	—	240	—	—	—	—	—	4,074	—	—	(4,074)
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(11,929)	(702)	—	—	—	702	(11,929)	—	—	—	—
Issuance of Class B common stock under Recapitalization Agreement	—	—	—	86,005	—	—	—	—	—	—	—
Purchase of Class B units in Vantiv Holding from Fifth Third Bank and cancellation of related Class B common stock	(33,512)	—	—	(2,086)	—	—	—	—	—	—	(33,512)
Issuance of tax receivable agreements	(325,000)	—	—	—	—	—	—	(325,000)	—	—	—
Cash flow hedge reclassification adjustment	23,929	—	—	—	—	—	—	—	—	9,514	14,415
Distribution to non- controlling interests	(22,229)	—	—	—	—	—	—	—	—	—	(22,229)
Distribution to funds managed by Advent International Corporation	(40,086)	—	—	—	—	—	—	—	(40,086)	—	—
Share-based compensation	8,663	—	—	—	—	—	—	5,116	—	—	3,547
Reallocation of non- controlling interests of Vantiv Holding	—	—	—	—	—	—	—	(105,114)	—	—	105,114
Ending Balance, March 31, 2012	\$ 1,317,297	129,268	\$ 1	83,919	\$ —	702	\$(11,929)	\$ 664,986	\$ (6,480)	\$ —	\$ 670,719

See Notes to Unaudited Consolidated Financial Statements.

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

Vantiv, Inc., a Delaware corporation, is a holding company that conducts its operations through its majority-owned subsidiary, Vantiv Holding, LLC (“Vantiv Holding”). Vantiv, Inc. and Vantiv Holding are referred to collectively as the “Company,” “Vantiv,” “we,” “us” or “our,” unless the context requires otherwise.

The Company provides electronic payment processing services to merchants and financial institutions throughout the United States of America. The Company markets its services through diverse distribution channels, including a direct sales force, relationships with a broad range of independent sales organizations (“ISOs”), merchant banks, value-added resellers and trade associations as well as arrangements with core processors.

***Principles of Consolidation***

The accompanying consolidated financial statements include the operations and accounts of the Company and all subsidiaries thereof and all intercompany balances and transactions have been eliminated upon consolidation.

As of March 31, 2013, Vantiv, Inc. and Fifth Third Bank (“Fifth Third”) owned interests in Vantiv Holding of 66.83% and 33.17%, respectively.

The Company accounts for non-controlling interests in accordance with Accounting Standards Codification (“ASC”) 810, *Consolidation*. Non-controlling interests represent the minority shareholders’ share of net income or loss of and equity in Vantiv Holding. Net income (loss) attributable to non-controlling interests does not include expenses incurred directly by Vantiv, Inc., including income tax expense (benefit) attributable to Vantiv, Inc. All of the Company’s non-controlling interests are presented after Vantiv Holding income tax expense or benefit in the consolidated statements of income (loss) as “Net (income) loss attributable to non-controlling interests.” Non-controlling interests are presented as a component of equity in the consolidated statements of financial position.

***Basis of Presentation***

The accompanying consolidated financial statements include those of Vantiv, Inc. and its majority-owned subsidiary, Vantiv Holding, LLC. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and should be read in conjunction with the Company’s 2012 audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K. The accompanying consolidated financial statements are unaudited; however, in the opinion of management they include all normal recurring adjustments necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

***Sponsorship***

In order to provide electronic payment processing services, Visa, MasterCard and other payment networks require sponsorship of non-financial institutions by a member clearing bank. In June 2009, the Company entered into a ten-year agreement with Fifth Third (the “Sponsoring Member”), to provide sponsorship services to the Company. The Company also has agreements with certain other banks that provide sponsorship into the card networks.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Revenue Recognition**

The Company has contractual agreements with its clients that set forth the general terms and conditions of the relationship including line item pricing, payment terms and contract duration. Revenues are recognized as earned (i.e., for transaction based fees, when the underlying transaction is processed) in conjunction with ASC 605, *Revenue Recognition*. ASC 605, *Revenue Recognition*, establishes guidance as to when revenue is realized or realizable and earned by using the following criteria: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price is fixed or determinable; and (4) collectibility is reasonably assured.

The Company follows guidance provided in ASC 605-45, *Principal Agent Considerations*. ASC 605-45, *Principal Agent Considerations*, states that whether a company should recognize revenue based on the gross amount billed to a customer or the net amount retained is a matter of judgment that depends on the facts and circumstances of the arrangement and that certain factors should be considered in the evaluation. The Company recognizes processing revenues net of interchange fees, which are assessed to the Company's merchant customers on all processed transactions. Interchange rates are not controlled by the Company, which effectively acts as a clearing house collecting and remitting interchange fee settlement on behalf of issuing banks, debit networks, credit card associations and its processing customers. All other revenue is reported on a gross basis, as the Company contracts directly with the end customer, assumes the risk of loss and has pricing flexibility.

The Company generates revenue primarily by processing electronic payment transactions. Set forth below is a description of the Company's revenue by segment.

**Merchant Services**

The Company's Merchant Services segment revenue is primarily derived from processing credit and debit card transactions. Merchant Services revenue is primarily comprised of fees charged to businesses, net of interchange fees, for payment processing services, including authorization, capture, clearing, settlement and information reporting of electronic transactions. The fees charged consist of either a percentage of the dollar volume of the transaction or a fixed fee, or both, and are recognized at the time of the transaction. Merchant Services revenue also includes a number of revenue items that are incurred by the Company and are reimbursable as the costs are passed through to and paid by the Company's clients. These items primarily consist of Visa, MasterCard and other payment network fees. In addition, for sales through ISOs and certain other referral sources in which the Company is the primary party to the contract with the merchant, the Company records the full amount of the fees collected from the merchant as revenue. Merchant Services segment revenue also includes revenue from ancillary services such as fraud management, equipment sales and terminal rent. Merchant Services revenue is recognized as services are performed.

**Financial Institution Services**

The Company's Financial Institution Services segment revenues are primarily derived from debit, credit and automated teller machines ("ATM") card transaction processing, ATM driving and support, and personal identification number ("PIN") debit processing services. Financial Institution Services revenue associated with processing transactions includes per transaction and account related fees, card production fees and fees generated from the Company's Jeanie network. Financial Institution Services revenue related to card transaction processing is recognized when consumers use their client-issued cards to make purchases. Financial Institution Services also generates revenue through other services, including statement production, collections and inbound/outbound call centers for credit transactions and other services such as credit card portfolio analytics, program strategy and support, fraud and security management and chargeback and dispute services. Financial Institution Services revenue is recognized as services are performed.

Financial Institution Services provides certain services to Fifth Third. Revenues related to these services are included in the accompanying statements of income as related party revenues.

**Expenses**

Set forth below is a brief description of the components of the Company's expenses:

- *Network fees and other costs* consists of certain expenses incurred by the Company in connection with providing processing services to its clients, including Visa and MasterCard network association fees, payment network fees, card production costs, telecommunication charges, postage and other third party processing expenses.

**Vantiv, Inc.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

- *Sales and marketing* expense primarily consists of salaries and benefits paid to sales personnel, sales management and other sales and marketing personnel, advertising and promotional costs and residual payments made to ISOs, agent banks and other third party resellers.
- *Other operating costs* primarily consist of salaries and benefits paid to operational and IT personnel, costs associated with operating the Company's technology platform and data centers, information technology costs for processing transactions, product development costs, software consulting fees and maintenance costs.
- *General and administrative* expenses primarily consist of salaries and benefits paid to executive management and administrative employees, including finance, human resources, product development, legal and risk management, share-based compensation costs, equipment and occupancy costs and consulting costs.
- *Non-operating expenses* during the three months ended March 31, 2012 consisted of \$54.8 million in expenses resulting from the write-off of unamortized deferred financing fees and original issue discount associated with the component of the March 2012 debt refinancing accounted for as a debt extinguishment, including a call premium equal to 1% of the outstanding balance of the original debt, or approximately \$12.2 million. Also included are charges relating to the early termination of the Company's interest rate swaps (see Note 5 - Derivatives and Hedging Activities) in connection with the debt refinancing, and a one-time activity fee of \$6.0 million assessed by MasterCard as a result of the Company's initial public offering ("IPO").

**Share-Based Compensation**

The Company expenses employee share-based payments under ASC 718, *Compensation—Stock Compensation*, which requires compensation cost for the grant-date fair value of share-based payments to be recognized over the requisite service period. The Company estimates the grant date fair value of the share-based awards issued in the form of options using the Black-Scholes option pricing model. The fair value of restricted stock awards and performance awards is measured based on the market price of the Company's stock on the grant date.

**Earnings Per Share**

Basic earnings per share is computed by dividing net income attributable to Vantiv, Inc. by the weighted average shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to Vantiv, Inc. by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect on earnings per share. See Note 10 - Net Income (Loss) Per Share for further discussion.

**Income Taxes**

Vantiv, Inc. is taxed as a C corporation for U.S. income tax purposes and is therefore subject to both federal and state taxation at a corporate level.

Income taxes are computed in accordance with ASC 740, *Income Taxes*, and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. The Company has deferred tax assets and liabilities and maintains valuation allowances where it is more likely than not that all or a portion of deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, such deferred tax assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made. As of March 31, 2013 and December 31, 2012 the Company had recorded no valuation allowances against deferred tax assets.

The Company's consolidated interim effective tax rate is based upon expected annual income from operations, statutory tax rates and tax laws in the various jurisdictions in which the Company operates. Significant or unusual items, including adjustments to accruals for tax uncertainties, are recognized in the quarter in which the related event occurs.

The Company's effective tax rates were 28.6% and 31.8%, respectively, for the three months ended March 31, 2013 and 2012. The effective rate for each period reflects the impact of the Company's non-controlling interests.

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Cash and Cash Equivalents**

Investments with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents and are stated at cost, which approximates fair value. Cash equivalents consist primarily of overnight Eurodollar sweep accounts which are maintained at reputable financial institutions with high credit quality and therefore are considered to bear minimal credit risk.

**Accounts Receivable—net**

Accounts receivable primarily represent processing revenues earned but not collected. For a majority of its customers, the Company has the authority to debit the client's bank accounts through the Federal Reserve's Automated Clearing House; as such, collectibility is reasonably assured. The Company records a reserve for doubtful accounts when it is probable that the accounts receivable will not be collected. The Company reviews historical loss experience and the financial position of its customers when estimating the allowance. As of March 31, 2013 and December 31, 2012, the allowance for doubtful accounts was not material to the Company's statement of financial position.

**Customer Incentives**

Customer incentives represent signing bonuses paid to customers. Customer incentives are paid in connection with the acquisition or renewal of customer contracts, and are therefore deferred and amortized using the straight-line method based on the contractual agreement. Related amortization is recorded as contra-revenue.

**Property and Equipment—net**

Property and equipment consists of the Company's corporate headquarters facility, furniture and equipment, software, leasehold improvements and construction in progress. These assets are depreciated on a straight-line basis over their respective useful lives, which are 15 to 40 years for the Company's corporate headquarters facility and related improvements, 2 to 10 years for furniture and equipment, 3 to 5 years for software and 3 to 10 years for leasehold improvements or the lesser of the estimated useful life of the improvement or the term of lease.

The Company capitalizes certain costs related to computer software developed for internal use and amortizes such costs on a straight-line basis over an estimated useful life of 3 to 5 years. Research and development costs incurred prior to establishing technological feasibility are charged to operations as such costs are incurred. Once technological feasibility has been established, costs are capitalized until the software is placed in service.

**Goodwill and Intangible Assets**

In accordance with ASC 350, *Intangibles—Goodwill and Other*, the Company tests goodwill for impairment for each reporting unit on an annual basis, or when events occur or circumstances change that would indicate the fair value of a reporting unit is below its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that fair value of the goodwill within the reporting unit is less than its carrying value. The Company performed its most recent annual goodwill impairment test for all reporting units as of July 31, 2012 in accordance with ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350) Testing Goodwill for Impairment," which permits the Company to assess qualitative factors to determine whether the existence of events or circumstances leads to the determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on this analysis, it was determined that it is not more likely than not that the fair value of the reporting units is less than the carrying value.

Intangible assets consist primarily of acquired customer relationships amortized over their estimated useful lives and an indefinite lived trade name not subject to amortization. The Company reviews the acquired customer relationships for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. The indefinite lived trade name is tested for impairment annually. The Company performed its most recent annual trade name impairment test as of July 31, 2012, which indicated there was no impairment.

**Settlement Assets and Obligations**

Settlement assets and obligations result from Financial Institution Services when funds are transferred from or received by the Company prior to receiving or paying funds to a different entity. This timing difference results in a settlement asset or obligation. The amounts are generally collected or paid the following business day.

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The settlement assets and obligations recorded by Merchant Services represent intermediary balances due to differences between the amount the Sponsoring Member receives from the card associations and the amount funded to the merchants. Such differences arise from timing differences, interchange expenses, merchant reserves and exception items. In addition, certain card associations limit the Company from accessing or controlling merchant settlement funds and, instead, require that these funds be controlled by the Sponsoring Member. The Company follows a net settlement process whereby, if the settlement received from the card associations precedes the funding obligation to the merchant, the Company temporarily records a corresponding liability. Conversely, if the funding obligation to the merchant precedes the settlement from the card associations, the amount of the net receivable position is recorded by the Company, or in some cases, the Sponsoring Member may cover the position with its own funds in which case a receivable position is not recorded by the Company.

**Derivatives**

The Company accounts for derivatives in accordance with ASC 815, *Derivatives and Hedging*. This guidance establishes accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the statement of financial position at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item will be recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portion of the change in the fair value of the derivative will be recorded in accumulated other comprehensive income (loss) and will be recognized in the statement of income when the hedged item affects earnings. For a derivative that does not qualify as a hedge (“free-standing derivative”), changes in fair value are recognized in earnings. The Company does not enter into derivative financial instruments for speculative purposes.

**2. BUSINESS COMBINATIONS****Acquisition of Litle & Co., LLC**

On November 30, 2012, the Company completed the acquisition of Litle & Co., LLC (“Litle”), acquiring all of the outstanding voting interests. Litle is an ecommerce payment processor, providing a fully-integrated payments solution for companies that sell goods and services to consumers over the internet and through direct response marketing. This acquisition significantly increases the Company's capabilities in ecommerce, expands its customer base of online merchants, and enables the delivery of Litle's innovative ecommerce solutions to the Company's clients.

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, all of which is deductible for tax purposes. Goodwill, assigned to Merchant Services, consists primarily of tax benefits resulting from the acquisition, the acquired workforce and growth opportunities, none of which qualifies as an amortizable asset. The table below presents an updated purchase price allocation from the preliminary amounts reported as of December 31, 2012 (in thousands):

Current assets	\$ 10,326
Property and equipment	13,503
Non-current assets	30
Goodwill	275,401
Customer relationship intangible assets	73,600
Trade name	1,300
Current liabilities	(13,571)
Total purchase price	<u>\$ 360,589</u>

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**3. INTANGIBLE ASSETS**

As of March 31, 2013 and December 31, 2012, the Company's intangible assets consisted of the following (in thousands):

	March 31, 2013	December 31, 2012
Customer relationship intangible assets	\$ 1,212,919	\$ 1,212,919
Trade name	42,300	42,300
Customer portfolios and related assets	16,812	16,780
	<u>1,272,031</u>	<u>1,271,999</u>
Less accumulated amortization on:		
Customer relationship intangible assets	413,731	383,962
Trade Name	400	—
Customer portfolios and related assets	4,713	3,501
	<u>418,844</u>	<u>387,463</u>
	<u>\$ 853,187</u>	<u>\$ 884,536</u>

Amortization expense on intangible assets for the three months ended March 31, 2013 and 2012 was \$31.4 million and \$29.7 million, respectively.

The estimated amortization expense of intangible assets for the next five years is as follows (in thousands):

2014	\$ 117,893
2015	113,869
2016	110,760
2017	107,728
2018	105,937

**4. TAX RECEIVABLE AGREEMENTS**

In connection with its IPO, the Company entered into four tax receivable agreements (“TRAs”) with its pre-IPO investors, which consisted of certain funds managed by Advent International Corporation (“Advent”), Fifth Third and JPDN Enterprises, LLC (“JPDN”). A description of each TRA is as follows:

- *TRA with Fifth Third:* Provides for the payment by the Company to Fifth Third equal to 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income tax that the Company realizes as a result of the increases in tax basis that results from the purchase of Vantiv Holding units from Fifth Third or from the exchange of Vantiv Holding units by Fifth Third for cash or shares of Class A common stock, as well as the tax benefits attributable to payments made under such TRA. Any actual increase in tax basis, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of the Company’s Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, and the amount and timing of the Company’s income.

Subsequent to the IPO, the underwriters exercised their option to purchase additional shares of the Company’s Class A common stock. As a result, the Company purchased units of Vantiv Holding from Fifth Third. In connection with the secondary offering, which took place in December 2012, Fifth Third exchanged Class B units of Vantiv Holding for Vantiv, Inc. Class A common stock. As a result of the increase in tax basis generated by these transactions, the Company recorded a liability under the TRA of \$165.1 million.



**Vantiv, Inc.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

- *TRA with Advent*: Provides for the payment by the Company to Advent equal to 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income tax that the Company realizes as a result of the use of the Company's tax attributes in existence prior to the effective date of the Company's IPO.
- *TRA with all pre-IPO investors*: Provides for the payment by the Company to its pre-IPO investors of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income tax that NPC Group, Inc. ("NPC"), a wholly-owned subsidiary of the Company, realizes as a result of its use of its NOLs and other tax attributes, with any such payment being paid to Advent, Fifth Third and JPND according to their respective ownership interests in Vantiv Holding immediately prior to the IPO.
- *TRA with JPND*: Provides for the payment to JPND of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income tax that the Company realizes as a result of the increase in tax basis that may result from the Vantiv Holding units exchanged for the Company's Class A common stock by JPND, as well as the tax benefits attributable to payments made under such TRA. As part of the recapitalization of Vantiv, Inc. and Vantiv Holding immediately prior to the IPO, JPND contributed its units of Vantiv Holding to Vantiv, Inc. in exchange for shares of Class A common stock of Vantiv, Inc., creating an obligation under the TRA.

The Company will retain the benefit of the remaining 15% of the cash savings associated with each of the TRAs discussed above.

As of March 31, 2013 and December 31, 2012, the Company's liability pursuant to the TRAs was as follows (in thousands):

TRA with Fifth Third Bank	\$	165,100
TRA with Advent		183,800
TRA with all pre-IPO investors		134,100
TRA with JPND		1,700
Total	\$	<u>484,700</u>

As a result of the exchanges of units of Vantiv Holding discussed above, the Company recorded a deferred tax asset of \$138.0 million, associated with the increase in tax basis. The Company recorded a corresponding reduction to paid-in capital for the difference between the TRA liability and the related deferred tax asset.

For each of the TRAs discussed above, the cash savings realized by the Company are computed by comparing the actual income tax liability of the Company to the amount of such taxes the Company would have been required to pay had there been no increase to the tax basis of the assets of Vantiv Holding as a result of the purchase or exchange of Vantiv Holding units, had there been no tax benefit from the tax basis in the intangible assets of Vantiv Holding on the date of the IPO and had there been no tax benefit as a result of the NOLs and other tax attributes at NPC. Subsequent adjustments of the tax receivable agreement obligations due to certain events (e.g. changes to the expected realization of NOLs or changes in tax rates) will be recognized in the statement of income.

The timing and/or amount of aggregate payments due under the TRAs may vary based on a number of factors, including the amount and timing of the taxable income the Company generates in the future and the tax rate then applicable, the use of loss carryovers and amortizable basis. Payments under the TRAs, if necessary, are required to be made no later than January 5<sup>th</sup> of the second year immediately following the current taxable year. Therefore, the Company does not expect to make any payments under the TRAs during the year ended December 31, 2013. The first payment under the TRA obligations is due in the first quarter of 2014. The payment, recorded as current portion of tax receivable agreement obligations to related parties on the accompanying statement of financial position, is expected to be approximately \$31.6 million. The term of the TRAs will continue until all such tax benefits have been utilized or expired, unless the Company exercises its right to terminate the TRA for an amount based on the agreed payments remaining to be made under the agreement.

## 5. DERIVATIVES AND HEDGING ACTIVITIES

### *Risk Management Objective of Using Derivatives*

The Company historically entered into derivative financial instruments to manage differences in the amount, timing and duration of its known or expected cash payments related to its variable-rate debt. These derivative instruments consisted of

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

interest rate swaps, which hedged the variable rate debt by converting floating-rate payments to fixed-rate payments. In connection with the March 2012 debt refinancing, the Company terminated its interest rate swaps and discontinued hedge accounting accordingly.

**Accounting for Derivative Instruments**

The Company designated its interest rate swaps as cash flow hedges of forecasted interest rate payments related to its variable-rate debt. The Company formally documents all relationships between hedging instruments and underlying hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions. A formal assessment of hedge effectiveness is performed both at inception of the hedge and on an ongoing basis to determine whether the hedge is highly effective in offsetting changes in cash flows of the underlying hedged item. Hedge effectiveness is assessed using a regression analysis. If it is determined that a derivative ceases to be highly effective during the term of the hedge, the Company will discontinue hedge accounting prospectively for such derivative.

The Company's interest rate swaps qualified for hedge accounting under ASC 815, *Derivatives and Hedging*. Therefore, the effective portion of changes in fair value were recorded in accumulated other comprehensive income (loss) and reclassified into earnings in the same period during which the hedged transaction affected earnings.

**Cash Flow Hedges of Interest Rate Risk**

As part of the Company's interest rate risk management strategy, the interest rate swap agreements added stability to interest expense and managed exposure to interest rate movements. Such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. Upon termination of the interest rate swaps in March 2012, the Company prospectively discontinued hedge accounting on the interest rate swap agreements as they no longer met the requirements for hedge accounting.

Any ineffectiveness associated with such derivative instruments was recorded immediately as interest expense in the accompanying consolidated statements of income. As a result of the refinancing of the Company's debt during March 2012, the Company accelerated the reclassification of amounts in accumulated other comprehensive income (loss) to earnings as a result of the hedged forecasted transactions becoming no longer probable of occurring. The accelerated amounts were a loss of approximately \$31.1 million, which was recorded as a component of non-operating expenses in the accompanying consolidated statement of loss for the three months ended March 31, 2012. The table below presents the effect of the Company's interest rate swaps on the consolidated statements of income for the three months ended March 31, 2013 and 2012 (in thousands):

	Three Months Ended March 31,	
	2013	2012
Derivatives in cash flow hedging relationships:		
Amount of loss recognized in OCI (effective portion)(1)	\$ —	\$ (4,256)
Amount of loss reclassified from accumulated OCI into earnings (effective portion)	—	(2,600)
Amount of loss recognized in earnings(2)	—	(31,079)

(1) "OCI" represents other comprehensive income.

(2) For the three months ended March 31, 2012, amount represents loss due to missed forecasted transaction and is recorded as a component of non-operating expenses in the accompanying consolidated statement of loss.

**6. COMMITMENTS, CONTINGENCIES AND GUARANTEES**

**Legal Reserve**

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's consolidated financial statements.

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**7. CONTROLLING AND NON-CONTROLLING INTERESTS IN VANTIV HOLDING**

As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, Vantiv, Inc. owns a controlling interest in Vantiv Holding, and therefore consolidates the financial results of Vantiv Holding and records non-controlling interest for the economic interests in Vantiv Holding held by Fifth Third.

As of March 31, 2013, Vantiv, Inc.'s interest in Vantiv Holding was 66.83%. Changes in units and related ownership interest in Vantiv Holding are summarized as follows:

	Vantiv, Inc.	Fifth Third	Total
As of December 31, 2012	142,243,680	70,219,136	212,462,816
<i>% of ownership</i>	66.95%	33.05%	
Equity plan activity (a)	(743,650)	—	(743,650)
As of March 31, 2013	141,500,030	70,219,136	211,719,166
<i>% of ownership</i>	66.83%	33.17%	

(a) Includes repurchase of Class A common stock to satisfy employee tax withholding obligation and forfeitures of Restricted Class A common stock awards.

The table below provides a reconciliation of net income (loss) attributable to non-controlling interests based on relative ownership interests in Vantiv Holding as discussed above (in thousands):

	Three Months Ended March, 31	
	2013	2012
Net income (loss)	\$ 44,465	\$ (42,928)
Items not allocable to non-controlling interests:		
Vantiv, Inc. income tax expense (benefit) (a)	10,842	(25,735)
Vantiv Holding net income (loss)	55,307	(68,663)
Net income (loss) attributable to non-controlling interests (b)	\$ 18,346	\$ (24,564)

(a) Represents income tax expense (benefit) related to Vantiv, Inc.

(b) Net income (loss) attributable to non-controlling interests reflects the allocation of Vantiv Holding's net income (loss) based on the proportionate ownership interests in Vantiv Holding held by the non-controlling unitholders. The net income (loss) attributable to non-controlling unitholders reflects the changes in ownership interests summarized in the table above.

**8. SHARE-BASED COMPENSATION PLANS**

**2012 Equity Incentive Plan**

The 2012 Vantiv Inc. Equity Incentive Plan ("2012 Equity Plan") was adopted by the Company's board of directors in March 2012. The 2012 Equity Plan provides for grants of stock options, stock appreciation rights, restricted stock and restricted stock units, performance awards and other stock-based awards. The maximum number of shares of Class A common stock available for issuance pursuant to the 2012 Equity Plan is 35.5 million shares.

Total share-based compensation expense during the three months ended March 31, 2013 and 2012 was \$6.7 million and \$8.7 million, respectively.

*Restricted Class A Common Stock*

Prior to the IPO in March 2012, certain employees and directors of Vantiv Holding participated in the Vantiv Holding Management Phantom Equity Plan ("Phantom Equity Plan") which provided for awards to be converted to unrestricted and restricted shares of Vantiv, Inc. Class A common stock upon completion of the IPO, issued under the 2012 Equity Plan. Upon conversion, the Company issued 1,381,135 shares of unrestricted Class A Common Stock and 6,633,341 shares of restricted Class A Common Stock. During the three months ending March 31, 2013, 1,345,209 shares of restricted stock vested and

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

306,420 restricted shares were forfeited. No restricted shares were granted during the three months ended March 31, 2013. At March 31, 2013, there were 3,686,131 restricted shares outstanding.

*Stock Options*

During the three months ended March 31, 2013, the Company granted 673,176 stock options to certain key employees. The stock options vest in 25% annual increments beginning on the first anniversary of the date of grant, subject to the participant's continued service through each such vesting date. All stock options are nonqualified stock options and expire on the tenth anniversary of the grant date. There were no options outstanding at the beginning of the period, and no options exercised, forfeited or expired during the period. The weighted-average grant date fair value of \$7.10 was estimated by the Company using the Black-Scholes option pricing model with the assumptions below:

	2013
Expected option life at grant (in years)	6.25
Expected volatility	30.60%
Expected dividend yield	—%
Risk-free interest rate	1.15%

The expected option life represents the period of time the stock options are expected to be outstanding and is based on the “simplified method” allowed under SEC guidance. The Company used the “simplified method” due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the stock options. Since the Company's publicly traded stock history is relatively short, expected volatility is based on the Company's historical volatility and the historical volatility of a group of peer companies. The Company does not intend to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant.

*Performance Share Units*

During the three months ended March 31, 2013, the Company issued to certain key employees a total of 217,730 performance share units, which vest on the third anniversary of the grant date, subject to the achievement of certain performance goals. Participants have the right to earn 0% to 200% of a target number of shares of the Company's Class A Common Stock determined by the level of achievement of the performance measures during the performance period commencing on January 1, 2013 and ending on December 31, 2015. The weighted-average grant date fair value of the performance share units was \$21.95, which was based on the quoted fair market value of our common stock on the grant date. There were no performance share units outstanding at the beginning of the period, and no performance share units exercised or forfeited during the period.

*Restricted Stock Units*

The Company issues to certain employees restricted stock units, which typically vest in 25% annual increments beginning on the first anniversary of the date of grant. The grant date fair value of the restricted stock units is based on the quoted fair market value of our common stock at the award date.

The following table summarizes the number and weighted-average grant date fair value of restricted stock units during the three months ending March 31, 2013:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2012	299,826	\$ 17.87
Granted	308,061	21.68
Vested	—	—
Forfeited	(8,400)	17.00
Non-vested at March 31, 2013	599,487	\$ 19.84

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

**9. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the hierarchy prescribed in ASC 820, *Fair Value Measurement*, based upon the available inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- *Level 1 Inputs*—Quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- *Level 2 Inputs*—Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including but not limited to quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities and observable inputs other than quoted prices such as interest rates or yield curves.
- *Level 3 Inputs*—Unobservable inputs reflecting the Company’s own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The following table summarizes carrying amounts and estimated fair values for financial assets and liabilities, excluding assets and liabilities measured at fair value on a recurring basis, as of March 31, 2013 and December 31, 2012 (in thousands):

	March 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets:</b>				
Cash and cash equivalents	\$ 141,740	\$ 141,740	\$ 67,058	\$ 67,058
<b>Liabilities:</b>				
Note payable	1,203,230	1,213,840	1,256,105	1,262,945

Due to the short-term nature of cash and cash equivalents, the carrying values approximate fair value. Cash and cash equivalents are classified in Level 1 of the fair value hierarchy. The fair value of the Company’s note payable was estimated based on rates currently available to the Company for bank loans with similar terms and maturities and is classified in Level 2 of the fair value hierarchy.

**10. NET INCOME (LOSS) PER SHARE**

Basic net income (loss) per share is calculated by dividing net income (loss) attributable to Vantiv, Inc. by the weighted-average shares of Class A common stock outstanding during the period.

Diluted net income (loss) per share is calculated assuming that Vantiv Holding is a wholly-owned subsidiary of Vantiv, Inc., therefore eliminating the impact of non-controlling interests. As such, due to the Company’s structure as a C corporation and Vantiv Holding’s structure as a pass-through entity for tax purposes, the numerator in the calculation of diluted net income (loss) per share is adjusted to reflect the Company’s income tax expense (benefit) assuming the conversion of the non-controlling interest into Class A common stock. The denominator is adjusted to include the weighted-average shares of Class A common stock outstanding assuming conversion of the Class B units of Vantiv Holding (“Class B units”) held by the non-controlling interest on an “if-converted” basis.

During the three months ended March 31, 2013, the weighted-average diluted shares also included the restricted stock and restricted stock units as discussed in Note 8 - Share-Based Compensation Plans, and the warrant held by Fifth Third which allows for the purchase of Class C units of Vantiv Holding. Excluded from the diluted shares are approximately 673,000 stock options as they were anti-dilutive during the period. Approximately 218,000 performance share units are excluded as the applicable performance metrics had not been met as of the reporting date.

During the three months ended March 31, 2012, potential common shares related to the restricted stock awards issued under the 2012 Equity Plan and the warrant held by Fifth Third were anti-dilutive and are therefore excluded from the calculation of diluted net income (loss) per share. Approximately 20.4 million shares relating to the warrant and approximately 6.9 million of restricted stock awards were excluded.

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The shares of Class B common stock do not share in the earnings or losses of the Company and are therefore not participating securities. Accordingly, basic and diluted net income per share of Class B common stock has not been presented.

The weighted-average Class A common shares used in computing basic and diluted net income (loss) per share reflect the retrospective application of the stock split which occurred in connection with the IPO. The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share data):

	Three Months Ended March 31,	
	2013	2012
<b>Basic:</b>		
Net income (loss) attributable to Vantiv, Inc.	\$ 26,119	\$ (18,364)
Shares used in computing basic net income (loss) per share:		
Weighted-average Class A common shares	137,084,276	93,018,506
Basic net income (loss) per share	\$ 0.19	\$ (0.20)
<b>Diluted:</b>		
Consolidated income (loss) before applicable income taxes	\$ 62,276	\$ (62,963)
Income tax expense (benefit) excluding impact of non-controlling interest	23,976	(24,241)
Net income (loss)	\$ 38,300	\$ (38,722)
Shares used in computing diluted net income (loss) per share:		
Weighted-average Class A common shares	137,084,276	93,018,506
Weighted-average Class B units of Vantiv Holding	70,219,136	9,359,425
Restricted stock awards	1,979,668	—
Warrant	5,301,711	—
Diluted weighted-average shares outstanding	214,584,791	102,377,931
Diluted net income (loss) per share	\$ 0.18	\$ (0.38)

#### 11. ACCUMULATED OTHER COMPREHENSIVE INCOME

The activity of the components of accumulated other comprehensive income related to cash flow hedging activities was as follows for the three months ended March 31, 2013 and 2012 (in thousands):

	Three Months Ended March 31,	
	2013	2012
Pretax activity	\$ —	\$ 29,424
Tax effect	—	(5,495)
Net activity	—	23,929
Other comprehensive income attributable to non-controlling interests	—	14,415
Other comprehensive income attributable to Vantiv, Inc.	\$ —	\$ 9,514

#### 12. SEGMENT INFORMATION

The Company's segments consist of the Merchant Services segment and the Financial Institution Services segment. The Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), evaluates the performance and allocates resources based on the operating results of each segment. Segment operating results are presented below (in thousands). The results reflect revenues and expenses directly related to each segment. The Company does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

Segment profit reflects total revenue less network fees and other costs and sales and marketing costs of the segment. The Company's CODM evaluates this metric in analyzing the results of operations for each segment.

**Vantiv, Inc.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

	Three Months Ended March 31, 2013			
	Merchant Services	Financial Institution Services	General Corporate/Other	Total
Total revenue	\$ 385,584	\$ 112,382	\$ —	\$ 497,966
Network fees and other costs	193,996	31,069	—	225,065
Sales and marketing	70,150	5,826	—	75,976
Segment profit	<u>\$ 121,438</u>	<u>\$ 75,487</u>	<u>\$ —</u>	<u>\$ 196,925</u>

	Three Months Ended March 31, 2012			
	Merchant Services	Financial Institution Services	General Corporate/Other	Total
Total revenue	\$ 322,978	\$ 109,811	\$ —	\$ 432,789
Network fees and other costs	165,526	34,682	—	200,208
Sales and marketing	66,699	6,058	—	72,757
Segment profit	<u>\$ 90,753</u>	<u>\$ 69,071</u>	<u>\$ —</u>	<u>\$ 159,824</u>

A reconciliation of total segment profit to the Company's income (loss) before applicable income taxes is as follows (in thousands):

	Three Months Ended March 31,	
	2013	2012
Total segment profit	\$ 196,925	\$ 159,824
Less: Other operating costs	(50,560)	(39,009)
Less: General and administrative	(31,099)	(28,597)
Less: Depreciation and amortization	(43,296)	(38,895)
Less: Interest expense—net	(9,694)	(24,450)
Less: Non-operating expenses	—	(91,836)
Income (loss) before applicable income taxes	<u>\$ 62,276</u>	<u>\$ (62,963)</u>

### 13. SUBSEQUENT EVENTS

On May 6, 2013, the Company's board of directors approved a share repurchase of up to \$400 million of outstanding shares of our Class A common stock. We have also entered into a commitment letter with various lenders to refinance our senior secured credit facilities. The new senior secured credit facilities are expected to consist of a \$1,850 million tranche A term loan facility and a \$250 million revolving credit facility, maturing in May 2018. If consummated, the debt refinancing will increase the amount of debt on our statement of financial position by approximately \$650 million.

\* \* \* \* \*

**Vantiv, Inc.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

For an understanding of the significant factors that influenced our results, the following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report. This management's discussion and analysis should also be read in conjunction with the management's discussion and analysis and consolidated financial statements for the year ended December 31, 2012 included in our 10-K filed with the SEC on February 20, 2013.

**General**

We are the third largest merchant acquirer and the largest personal identification number ("PIN") debit acquirer by transaction volume, according to the Nilson Report, and a leading, integrated payment processor in the United States differentiated by a single, proprietary technology platform. This enables us to efficiently provide a suite of comprehensive services to both merchants and financial institutions of all sizes in the United States. Our technology platform offers our clients a single point of access and service that is easy to connect to and use in order to access a broad range of payment services and solutions. Our integrated business and single platform also enable us to innovate, develop and deploy new services and provide us with significant economies of scale. Our varied and broad distribution provides us with a diverse client base and channel partner relationships.

We believe our single, proprietary technology platform is differentiated from our competitors' multiple platform architectures. Because of our single point of service and ability to collect, manage and analyze data across the payment processing value chain, we can identify and develop new services more efficiently. Once developed, we can more cost-effectively deploy new solutions to our clients through our single platform. Our single scalable platform also enables us to efficiently manage, update and maintain our technology, increase capacity and speed and realize significant operating leverage.

We enable merchants of all sizes to accept and process credit, debit and prepaid payments and provide them supporting services, such as information solutions, interchange management and fraud management, as well as vertical-specific solutions in sectors such as grocery, pharmacy, retail, petroleum and restaurants/quick service restaurants. We also provide mission critical payment services to financial institutions, such as card issuer processing, payment network processing, fraud protection, card production, prepaid program management, automated teller machine ("ATM") driving and network gateway and switching services that utilize our proprietary Jeanie PIN debit payment network.

We provide small and mid-sized clients with the comprehensive solutions that we have developed to address the extensive requirements of our large clients. We then tailor these solutions to the unique needs of our small and mid-sized clients. In addition, we take a consultative approach to providing these services that helps our clients enhance their payments-related services.

We distribute our services through direct and indirect distribution channels using a unified sales approach that enables us to efficiently and effectively target merchants and financial institutions of all sizes. Our direct channel includes a national sales force that targets financial institutions and national merchants, regional and mid-market sales teams that sell solutions to merchants and third-party reseller clients and a telesales operation that targets small and mid-sized merchants. Our indirect channel to merchants includes relationships with a broad range of independent sales organizations, or ISOs, merchant banks, value-added resellers and trade associations that target merchants, including difficult to reach small and mid-sized merchants. Our indirect channel to financial institutions includes relationships with third-party resellers and core processors.

**Executive Overview**

Revenue for the three months ended March 31, 2013, increased 15% to \$498.0 million from \$432.8 million in 2012. The revenue growth was due primarily to transaction growth of 18%, including the impact of the acquisition of Litle & Co., LLC ("Litle") in November 2012, partially offset by a slight decline in revenue per transaction primarily attributable to the addition of a large national processing contract in April 2012.

Income from operations for the three months ended March 31, 2013, increased \$18.7 million to \$72.0 million from \$53.3 million in 2012.



Net income for the three months ended March 31, 2013, increased \$87.4 million to \$44.5 million from a loss of \$42.9 million in 2012. Net income attributable to Vantiv, Inc. for the three months ended March 31, 2013, increased \$44.5 million to \$26.1 million from a loss of \$18.4 million in 2012.

## **Our Segments, Revenue and Expenses**

### ***Segments***

We operate as a single integrated business and report our results of operations in two segments, Merchant Services and Financial Institution Services. We evaluate segment performance based upon segment profit, which is defined as net revenue, which represents total revenue less network fees and other costs, less sales and marketing expense attributable to that segment.

#### ***Merchant Services***

We provide a comprehensive suite of payment processing services, including acquiring and processing transactions, value-added services and merchant services for banks and credit unions. We authorize, clear, settle and provide reporting for electronic payment transactions for our merchant services clients. Our client base includes approximately 400,000 merchant locations, with an emphasis on non-discretionary everyday spend categories where spending has been more resilient during economic downturns.

We provide our merchant services to merchants of varying sizes, which provides us with a number of key benefits. Given their size, large merchants generally receive customized payment processing solutions and lower per transaction pricing. These merchants provide us with significant operating scale efficiencies and recurring revenues, due to the large transaction volume that they generate. Small and mid-sized merchants are more difficult to reach on an individual basis, but generally generate higher per transaction fees.

#### ***Financial Institution Services***

We provide integrated card issuer processing, payment network processing and value-added services to financial institutions. Our services include a comprehensive suite of transaction processing capabilities, including fraud protection, card production, prepaid cards and ATM driving and allow financial institutions to offer electronic payments solutions to their customers on a secure and reliable technology platform at a competitive cost. We provide these services using a consultative approach that helps our financial institution clients enhance their payments-related business.

We serve a diverse set of financial institutions, including regional banks, community banks, credit unions and regional PIN debit networks. We focus on small to mid-sized institutions with less than \$15 billion in assets. Smaller financial institutions, including many of our clients, generally do not have the scale or infrastructure typical of large banks and are more likely to outsource payment processing needs. We provide a turnkey solution to such institutions to enable them to offer payment processing solutions.

### ***Revenue***

We generate revenue primarily by processing electronic payment transactions. Set forth below is a description of our revenues by segment and factors impacting segment revenues.

Our Merchant Services segment revenues are primarily derived from processing credit and debit card transactions. Merchant Services revenue is primarily comprised of fees charged to businesses, net of interchange fees, for payment processing services, including authorization, capture, clearing, settlement and information reporting of electronic transactions. The fees charged consist of either a percentage of the dollar volume of the transaction or a fixed fee, or both, and are recognized at the time of the transaction. Merchant Services revenue also includes a number of revenue items that are incurred by us and are reimbursable as the costs are passed through to and paid by our clients. These items primarily consist of Visa, MasterCard and other payment network fees. In addition, for sales through ISOs and certain other referral sources in which we are the primary party to the contract with the merchant, we record the full amount of the fees collected from the merchant as revenue. Associated residual payments made to ISOs are included in sales and marketing expenses. Merchant Services revenue also includes revenue from ancillary services such as fraud management, equipment sales and terminal rent. Revenue in our Merchant Services segment is impacted primarily by transaction volume, average transaction size, the mix of merchant types in our client portfolio, the performance of our merchant clients and the effectiveness of our distribution channels.

Our Financial Institution Services revenues are primarily derived from debit, credit and ATM card transaction processing, ATM driving and support, and PIN debit processing services. Financial Institution Services revenue associated with processing transactions includes per transaction and account related fees, card production fees and fees generated from our Jeanie network. Financial Institution Services revenue is impacted by the number of financial institutions using our services as well as their transaction volume. The number of financial institutions in the United States has declined as a result of prevailing economic conditions, consolidation as well as other market and regulatory pressures. These factors have contributed to industry-wide pricing compression of the fees that financial institutions are willing to pay for payment processing.

#### **Network Fees and Other Costs**

Network fees and other costs consist primarily of charges incurred by us which we pass through to our clients, including Visa, MasterCard and other payment network fees, card production costs, telecommunication charges, postage and other third party processing expenses.

#### **Net Revenue**

Net revenue is revenue, less network fees and other costs and reflects revenue generated from the services we provide to our clients. Management uses net revenue to assess our operating performance. We believe that net revenue, when reviewed together with revenue, is meaningful to our investors in order to understand our performance.

#### **Expenses**

Set forth below is a brief description of the components of our expenses, aside from the network fees and other costs discussed above:

- *Sales and marketing* expense primarily consists of salaries and benefits paid to sales personnel, sales management and other sales and marketing personnel, advertising and promotional costs and residual payments made to ISOs, agent banks and other third party resellers.
- *Other operating costs* primarily consist of salaries and benefits paid to operational and IT personnel, costs associated with operating our technology platform and data centers, information technology costs for processing transactions, product development costs, software consulting fees and maintenance costs.
- *General and administrative* expenses primarily consist of salaries and benefits paid to executive management and administrative employees, including finance, human resources, product development, legal and risk management, share-based compensation costs, equipment and occupancy costs and consulting costs.
- *Depreciation and amortization* expense consists of our depreciation expense related to investments in property, equipment and software as well as our amortization of intangible assets, principally customer relationships acquired in connection with the acquisition of a majority interest in Vantiv Holding in June 2009 and our subsequent acquisitions.
- *Interest expense—net* consists primarily of interest on borrowings under our senior secured credit facilities less interest income earned on our cash and cash equivalents.
- *Income tax expense (benefit)* represents federal, state and local taxes based on income in multiple jurisdictions.
- *Non-operating expenses* during the three months ended March 31, 2012 consisted of charges related to the refinancing of our senior secured credit facilities and the early termination of our interest rate swaps in connection with our March 2012 debt refinancing and a one-time activity fee assessed by MasterCard as a result of our IPO.

#### **Non-Controlling Interest**

As a result of the non-controlling ownership interests in Vantiv Holding held by Fifth Third Bank, our results of operations include net income (loss) attributable to non-controlling interests. Net income (loss) attributable to non-controlling interests for the three months ended March 31, 2013 and 2012 was \$18.3 million and \$(24.6) million, respectively. Future sales or redemptions of ownership interests in Vantiv Holding by Fifth Third Bank will continue to reduce the amount recorded as non-controlling interest and increase net earnings attributable to our stockholders.

## Factors and Trends Impacting Our Business and Results of Operations

We expect a number of factors will impact our business, results of operations and financial condition. In general, our revenue is impacted by the number and dollar volume of card based transactions which in turn are impacted by general economic conditions, consumer spending and the emergence of new technologies and payment types, such as ecommerce, mobile payments, and prepaid cards. In our Merchant Services segment, our net revenues are impacted by the mix of the size of merchants that we provide services to as well as the mix of transaction volume by merchant category. In our Financial Institution Services segment, our net revenues are also impacted by the mix of the size of financial institutions to which we provide services as well as consolidation and market and industry pressures, which have contributed and are expected to continue to contribute to pricing compression of payment processing fees in this segment. We also expect our results of operations to be impacted by the factors discussed below.

### Pro Forma Adjusted Net Income

We use pro forma adjusted net income for financial and operational decision making as a means to evaluate period-to-period comparisons of our performance and results of operations. Pro forma adjusted net income is also incorporated into performance metrics underlying certain share-based payments issued under the 2012 Vantiv, Inc. Equity Incentive Plan and our variable compensation plan. We believe pro forma adjusted net income provides useful information about our performance and operating results, enhances the overall understanding of past financial performance and future prospects and allows for greater transparency with respect to key metrics used by management in its financial and operational decision making.

In calculating pro forma adjusted net income, we make certain non-GAAP adjustments, as well as pro forma adjustments, to adjust our GAAP operating results for the items discussed below. This measure should be considered together with GAAP operating results.

### Non-GAAP Adjustments

#### *Transition, Acquisition and Integration Costs*

In connection with our acquisitions, we incurred costs associated with the acquisitions and related integration activities, consisting primarily of consulting fees for advisory and integration services and personnel related costs. Additionally, our expenses include costs associated with a one-time signing bonus issued to certain employees that transferred to us from Fifth Third Bank ("Fifth Third") in connection with our separation from Fifth Third in June 2009. This signing bonus contained a five-year vesting period beginning on the date of the separation. These transition, acquisition and integration costs are included in other operating costs and general and administrative expenses. For the three months ended March 31, 2013 and 2012, transition, acquisition and integration costs were \$3.2 million and \$2.1 million, respectively.

#### *Share-Based Compensation*

Prior to our IPO, certain employees and directors of Vantiv Holding participated in the Vantiv Holding Management Phantom Equity Plan. In connection with the IPO, outstanding awards under the Vantiv Holding Management Phantom Equity Plan were converted into unrestricted and restricted stock, issued under the 2012 Vantiv, Inc. Equity Incentive Plan. Subsequent to the IPO, we have granted share-based awards to certain employees and members of our board of directors and intend to continue to grant additional share-based awards in the future. During the three months ended March 31, 2013 and 2012, we incurred share-based compensation expense of \$6.7 million and \$8.7 million respectively, which is included in general and administrative expense.

#### *Intangible Amortization Expense*

These expenses represent amortization of intangible assets acquired through business combinations and customer portfolio and related asset acquisitions.

#### *Non-operating Expenses*

For the three months ended March 31, 2012, we recorded \$91.8 million within non-operating expenses, which consisted of \$85.8 million related to the refinancing of our senior secured credit facilities and the early termination of our interest rate swaps in March 2012 and a \$6.0 million one-time activity fee assessed by MasterCard as a result of our IPO.

**Pro Forma Adjustments***Income Tax Expense Adjustments*

Our effective tax rate reported in our results of operations reflects the impact of our non-controlling interest not being taxed at the statutory corporate tax rate. For purposes of calculating pro forma adjusted net income, income tax expense is adjusted to reflect an effective tax rate of 38.5%, including the income tax effect of the non-GAAP adjustments described above.

*Tax Adjustments*

In addition to the adjustment described above, income tax expense is also adjusted for the cash tax benefits resulting from the amortization of intangible assets and other tax attributes resulting from or acquired with our acquisitions, including Litle, the tax basis step up associated with our separation from Fifth Third and the purchase or exchange of Class B units of Vantiv Holding, net of payment obligations under TRAs established at the time of our initial public offering. The estimate of the cash tax benefits is based on the consistent and highly predictable realization of the underlying tax attributes.

The table below provides a reconciliation of GAAP income (loss) before applicable income taxes to pro forma adjusted net income for the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,	
	2013	2012
	(in thousands)	
Income (loss) before applicable taxes	\$ 62,276	\$ (62,963)
Non-GAAP Adjustments:		
Transition, acquisition and integration costs	3,221	2,059
Share-based compensation	6,740	8,663
Intangible amortization	30,460	29,289
Non-operating expenses	—	91,836
Non-GAAP Adjusted Income Before Applicable Taxes	102,697	68,884
Pro Forma Adjustments:		
Income tax expense adjustment	(39,538)	(26,520)
Tax adjustments	4,242	—
Pro Forma Adjusted Net Income	\$ 67,401	\$ 42,364

Pro forma adjusted net income was previously referred to as cash net income.

## Results of Operations

The following tables set forth our statements of income in dollars and as a percentage of net revenue for the periods presented.

	Three Months Ended March 31,			
	2013	2012	\$ Change	% Change
	(dollars in thousands)			
Revenue	\$ 497,966	\$ 432,789	\$ 65,177	15%
Network fees and other costs	225,065	200,208	24,857	12
Net revenue	272,901	232,581	40,320	17
Sales and marketing	75,976	72,757	3,219	4
Other operating costs	50,560	39,009	11,551	30
General and administrative	31,099	28,597	2,502	9
Depreciation and amortization	43,296	38,895	4,401	11
Income from operations	\$ 71,970	\$ 53,323	\$ 18,647	35%
Non-financial data:				
Transactions (in millions)	3,974	3,367		18%

<u>As a Percentage of Net Revenue</u>	Three Months Ended March 31,	
	2013	2012
Net revenue	100.0%	100.0%
Sales and marketing	27.8	31.3
Other operating costs	18.5	16.8
General and administrative	11.4	12.3
Depreciation and amortization	15.9	16.7
Income from operations	26.4%	22.9%

### Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

#### Revenue

Revenue increased 15% to \$498.0 million for the three months ended March 31, 2013 from \$432.8 million for the three months ended March 31, 2012. The increase was due primarily to transaction growth of 18%, including the impact of the acquisition of Litle in November 2012, partially offset by a slight decline in revenue per transaction primarily attributable to the addition of a large national processing contract in April 2012.

#### Network Fees and Other Costs

Network fees and other costs increased 12% to \$225.1 million for the three months ended March 31, 2013 from \$200.2 million for the three months ended March 31, 2012. The increase was due primarily to transaction growth of 18%, partially offset by debit routing benefits and a reduction of third party processing fees as we transitioned clients to our single processing platform.

#### Net Revenue

Net revenue increased 17% to \$272.9 million for the three months ended March 31, 2013 from \$232.6 million for the three months ended March 31, 2012. The increase in net revenue was due primarily to transaction growth of 18%.

#### Sales and Marketing

Sales and marketing expense increased 4% to \$76.0 million for the three months ended March 31, 2013 from \$72.8 million for the three months ended March 31, 2012. The increase was attributable to the acquisition of Litle and higher sales and marketing personnel and related costs.

#### ***Other Operating Costs***

Other operating costs increased 30% to \$50.6 million for the three months ended March 31, 2013 from \$39.0 million for the three months ended March 31, 2012. The increase was primarily attributable to the acquisition of Litle. In addition, an increase in information technology infrastructure and personnel costs associated with growth in transactions and an increase in transition, acquisition and integration costs of \$1.6 million contributed to the increase.

#### ***General and Administrative***

General and administrative expenses increased 9% to \$31.1 million for the three months ended March 31, 2013 from \$28.6 million for the three months ended March 31, 2012. The increase was primarily attributable to the acquisition of Litle, higher personnel costs and professional service fees, offset by a decrease in share-based compensation of \$1.9 million and a decrease in transition, acquisition and integration costs of \$0.4 million.

#### ***Depreciation and Amortization***

Depreciation and amortization expense increased 11% to \$43.3 million for the three months ended March 31, 2013 from \$38.9 million for the three months ended March 31, 2012. The increase was due primarily to an increase in capital expenditures largely related to our information technology infrastructure as well as the acquisition of Litle.

#### ***Income from Operations***

Income from operations increased 35% to \$72.0 million for the three months ended March 31, 2013 from \$53.3 million for the three months ended March 31, 2012.

#### ***Interest Expense—Net***

As a result of our debt refinancing in March 2012, interest expense—net decreased 60% to \$9.7 million for the three months ended March 31, 2013 from \$24.5 million for the three months ended March 31, 2012. The decrease was due to a decrease in the weighted-average debt balance outstanding from \$1.7 billion in the first quarter of 2012 to \$1.2 billion in the first quarter of 2013. The weighted-average interest rate was approximately 2.7% during the current year compared to 4.5% during the prior year.

#### ***Non-Operating Expenses***

Non-operating expenses were \$91.8 million for the three months ended March 31, 2012 and consisted of \$85.8 million in charges related to the refinancing of our senior secured credit facilities and the early termination of our interest rate swaps in connection with our March 2012 debt refinancing as well as a \$6.0 million one-time activity fee assessed by MasterCard as a result of our IPO.

#### ***Income Tax Expense***

Income tax expense for the three months ended March 31, 2013 was \$17.8 million compared to an income tax benefit of \$20.0 million for the three months ended March 31, 2012, reflecting effective tax rates of 28.6% and 31.8%, respectively. Our effective tax rate reflects the impact of our non-controlling interest not being taxed at the statutory corporate tax rate. The decrease in the effective tax rate in 2013 is due to the change in the mix of income earned by our various legal entities, offset by an increase in ownership percentage. Further, as our non-controlling interest declines to the point Vantiv Holding is a wholly-owned subsidiary, we expect our effective rate to increase to approximately 38.5%.

As a result of the acquisition of Litle, we generated tax benefits to be recognized over a period of 15 years from the date of the acquisition. During the three months ended March 31, 2013, these benefits were approximately \$2.5 million. This benefit does not have an impact on our effective tax rate; however, savings retained by us are reflected in pro forma adjusted net income discussed above.

In connection with our IPO, we entered into four TRAs with our pre-IPO investors. The TRAs obligate us to make payments to such investors equal to 85% of the amount of cash savings, if any, in income taxes that we realize as a result of certain tax basis increases and net operating losses. We will retain the remaining 15% of cash savings. During the three months ended March 31, 2013, the cash savings retained by us were approximately \$1.7 million.

The TRAs do not have an impact on our effective tax rate; however, savings retained by us are reflected in pro forma adjusted net income discussed above. As we purchase units of Vantiv Holding from Fifth Third or as Fifth Third exchanges units of Vantiv Holding for cash or shares of Vantiv, Inc. Class A common stock in the future, we expect the associated cash savings to increase as a result of additional tax basis increases.

### Segment Results

The following tables provide a summary of the components of segment profit for our two segments for the three months ended March 31, 2013 and 2012.

	Three Months Ended March 31,			
	2013	2012	\$ Change	% Change
(dollars in thousands)				
<b>Merchant Services</b>				
Revenue	\$ 385,584	\$ 322,978	\$ 62,606	19%
Network fees and other costs	193,996	165,526	28,470	17
Net revenue	191,588	157,452	34,136	22
Sales and marketing	70,150	66,699	3,451	5
Segment profit	\$ 121,438	\$ 90,753	\$ 30,685	34%
<b>Non-financial data:</b>				
Transactions (in millions)	3,123	2,544		23%

	Three Months Ended March 31,			
	2013	2012	\$ Change	% Change
(dollars in thousands)				
<b>Financial Institution Services</b>				
Revenue	\$ 112,382	\$ 109,811	\$ 2,571	2 %
Network fees and other costs	31,069	34,682	(3,613)	(10)
Net revenue	81,313	75,129	6,184	8
Sales and marketing	5,826	6,058	(232)	(4)
Segment profit	\$ 75,487	\$ 69,071	\$ 6,416	9 %
<b>Non-financial data:</b>				
Transactions (in millions)	851	823		3 %

### Net Revenue

#### Merchant Services

Net revenue in this segment increased 22% to \$191.6 million for the three months ended March 31, 2013 from \$157.5 million for the three months ended March 31, 2012. The increase during the three months ended March 31, 2013 was due primarily to transaction growth of 23%, including the impact of the acquisition of Litle, and debit routing benefits.

### *Financial Institution Services*

Net revenue in this segment increased 8% to \$81.3 million for the three months ended March 31, 2013 from \$75.1 million for the three months ended March 31, 2012. The increase during the three months ended March 31, 2013 was partially due to transaction growth of 3% and higher net revenue per transaction driven by value added services. In addition, network fees and other costs were reduced due to network incentives and a reduction of third party processing fees as we transitioned clients to our single processing platform.

### **Sales and Marketing**

#### *Merchant Services*

Sales and marketing expense increased 5% to \$70.2 million for the three months ended March 31, 2013 from \$66.7 million for the three months ended March 31, 2012. The increase was primarily attributable to the acquisition of Litle and higher sales and marketing personnel and related costs.

#### *Financial Institution Services*

Sales and marketing expense of \$5.8 million for the three months ended March 31, 2013 was relatively flat compared to expense of \$6.1 million for the three months ended March 31, 2012.

### **Liquidity and Capital Resources**

Our liquidity is funded primarily through cash provided by operations, debt and a line of credit, which is generally sufficient to fund our operations, planned capital expenditures, tax distributions made to our non-controlling interest holders, debt service and acquisitions. Additionally, we may be required to make payments under our tax receivable agreements ("TRAs") pursuant to the terms of these agreements. However, as payments under the TRAs are determined based on the realized cash savings resulting from the underlying tax attributes, a period of declining profitability would result in a corresponding reduction in our TRA payments, thus having a minimal effect on our liquidity and capital resources. As of March 31, 2013, our principal sources of liquidity consisted of \$141.7 million of cash and cash equivalents and \$250.0 million of availability under the revolving portion of our senior secured credit facilities. Our total indebtedness, including capital leases, was \$1.2 billion as of March 31, 2013.

In connection with our IPO, we entered into the Exchange Agreement with Fifth Third, under which Fifth Third has the right, from time to time, to exchange its Class B units in Vantiv Holding for shares of our Class A common stock or, at our option, cash. If we choose to satisfy the exchange in cash, we anticipate required funding to be provided through cash from operations, availability under the revolving portion of our senior secured credit facilities, or equity financings or a combination thereof.

Our principal needs for liquidity have been, and for the foreseeable future will continue to be, debt service, capital expenditures, working capital and acquisitions. Additionally, our strategy includes expansion into high growth segments and verticals, entry into new geographic markets and development of additional payment processing services. We anticipate that the execution of these components of our strategy will not require a significant amount of resources and will be funded primarily through cash provided by operations.

We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of other indebtedness, equity financings or a combination. We cannot assure you that we would be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

### **Cash Flows**

The following table presents a summary of cash flows from operating, investing and financing activities for the three months ended March 31, 2013 and 2012 (in thousands):



	Three Months Ended March 31,	
	2013	2012
Net cash provided by (used in) operating activities	\$ 156,452	\$ (50,674)
Net cash used in investing activities	(12,498)	(18,443)
Net cash used in financing activities	(69,272)	(145,070)

#### *Cash Flow from Operating Activities*

Net cash provided by operating activities was \$156.5 million for the three months ended March 31, 2013 as compared to net cash used in operating activities of \$50.7 million for the three months ended March 31, 2012. The increase is due primarily to an increase in net income and the impact of non-cash expense items included in net income, as well as changes in net settlement assets and obligations. Net settlement assets and obligations represent settlement funds received by us and not yet remitted to our clients for the settlement of transactions we processed. Settlement obligations can fluctuate due to seasonality as well as the day of the month end.

#### *Cash Flow from Investing Activities*

Net cash used in investing activities was \$12.5 million for the three months ended March 31, 2013 as compared to \$18.4 million for the three months ended March 31, 2012. The decrease was primarily due to a decrease in capital expenditures and a reduction in acquisitions of customer portfolios and related assets during the three months ended March 31, 2013.

#### *Cash Flow from Financing Activities*

During the three months ended March 31, 2013, net cash used in financing activities consisted primarily of debt and capital lease payments, funds used to repurchase Class A common stock to satisfy tax withholding obligations in connection with vestings of stock awards and distributions to non-controlling interests.

During the three months ended March 31, 2012, net cash used in financing activities consisted primarily of the repayment of debt obligations in connection with the March 2012 debt refinancing, cash distributions related to our IPO, and tax distributions to non-controlling interests. These items were partially offset by the proceeds received from the debt refinancing and our IPO.

#### *Credit Facilities*

As of March 31, 2013, our primary debt consisted of term A loans and term B loans and a \$250.0 million revolving credit facility. The balances, maturity dates and debt service requirements related to the term A loans and term B loans are listed in the table below. The revolving credit facility matures in March 2017 and includes a \$75.0 million swing line facility and a \$40.0 million letter of credit facility. The commitment fee rate for the unused portion of the revolving credit facility is 0.50% per year. At March 31, 2013, we had no amounts outstanding under the revolving credit facility.

As of March 31, 2013, our debt consisted of the following:

	March 31, 2013
	(in thousands)
\$1,000.0 million term A loans, expiring on March 27, 2017, bearing interest payable quarterly based on the Company's leverage ratio at a variable base rate (LIBOR) plus a spread rate (175 to 250 basis points) (total rate of 2.45% at March 31, 2013 and amortizing on a basis of 1.25% during each of the first eight quarters, 1.875% during each of the second eight quarters and 2.5% during each of the following three quarters with a balloon payment due at maturity	950,000
\$250.0 million term B loans, expiring on March 27, 2019, bearing interest payable quarterly at a variable base rate (LIBOR) plus a spread rate (275 basis points) with a floor of 100 basis points (total rate of 3.75% at March 31, 2013 and amortizing on a basis of 1.0% per year with a balloon payment due at maturity	247,500
\$10.1 million leasehold mortgage, expiring on August 10, 2021 and bearing interest payable monthly at a fixed rate (rate of 6.22% at March 31, 2013)	10,131
Less: Current portion of note payable and current portion of note payable to related party	(52,500)
Less: Original issue discount	(4,401)
<b>Total Long-Term Debt</b>	<b>\$ 1,150,730</b>

As of March 31, 2013, Fifth Third held \$304.0 million of the term A loans.

The debt requires us to maintain a maximum leverage ratio (based upon the ratio of total funded debt to consolidated EBITDA, as defined in the loan agreement) and a minimum interest coverage ratio (based upon the ratio of consolidated EBITDA to interest expense), which are tested quarterly. The required financial ratios become more restrictive over time, with the specific ratios required by period set forth in the below table.

Period	Leverage Ratio (must not exceed)	Interest Coverage Ratio (must exceed)
April 1, 2012 to September 30, 2013	4.25 to 1.00	3.25 to 1.00
October 1, 2013 to September 30, 2014	4.00 to 1.00	3.50 to 1.00
Thereafter	3.75 to 1.00	3.75 to 1.00

As of March 31, 2013, we were in compliance with these covenants with a leverage ratio of 2.23 to 1.00 and an interest coverage ratio of 15.86 to 1.00.

#### *Building Loan*

On July 12, 2011, we entered into a term loan agreement for approximately \$10.1 million for the purchase of our corporate headquarters facility. The interest rate is fixed at 6.22%, with interest only payments required for the first 84 months. Thereafter, and until maturity, we will pay interest and principal based upon a 30 year amortization schedule, with the remaining principal amount due at maturity, August 2021.

#### **Contractual Obligations**

There have been no significant changes to contractual obligations and commitments compared to those disclosed in our Annual Report on Form 10-K as of December 31, 2012.

#### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates including those related to revenue recognition, goodwill and intangible assets, derivative financial instruments, income taxes and share-based compensation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

During the three months ended March 31, 2013, we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2012. Our critical accounting estimates are described fully within Management's Discussion and Analysis of Financial Condition and Results of Operations included within our Annual Report on Form 10-K filed with the SEC on February 20, 2013.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet financing arrangements.

#### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

We are exposed to interest rate risk in connection with our senior secured credit facilities, which are subject to variable interest rates. Based on the amount outstanding under our senior secured credit facilities at March 31, 2013, the annualized effect of a one percentage point change in variable interest rates would have a pre-tax impact on our earnings and cash flows of approximately \$12.0 million.

#### **Item 4. Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Based on the evaluation of our disclosure controls and procedures as of March 31, 2013, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **PART II - OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes none of these matters, either individually or in the aggregate, would have a material adverse effect on us.

#### **Item 1A. Risk Factors**

You should carefully consider the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of Vantiv. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Issuer Purchases of Equity Securities**

The following table sets forth information regarding shares of Class A common stock repurchased by us during the three months ended March 31, 2013:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2013 to January 31, 2013	21,038	\$ 20.56	—	—
February 1, 2013 to February 28, 2013	5,096	\$ 21.07	—	—
March 1, 2013 to March 31, 2013	411,096	\$ 22.92	—	—

(1) Consists of delivery of shares of Class A common stock to us on vesting of restricted shares to satisfy employee tax withholding obligation.

**Item 5. Other Information**

During the quarter ended March 31, 2013, we modified the presentation of our previously disclosed cash net income, a key performance measure used by management and our board of directors. The changes included the following:

- Separate disclosure of non-GAAP adjustments and pro forma adjustments;
- Reconciliation of this performance measure to income before applicable income taxes rather than net income; and
- As a result of the changes above, renamed the performance measure from cash net income to pro forma adjusted net income.

Presented below is the revised schedule for the years ended December 31, 2012 and 2011:

	Year ended December 31,	
	2012	2011
	(in thousands)	
Income before applicable taxes	\$ 157,611	\$ 117,119
Non-GAAP Adjustments:		
Transition, acquisition and integration costs(1)	11,007	37,342
Share-based compensation	33,444	2,974
Intangible amortization(2)	117,435	123,327
Depreciation and amortization(3)	—	(1,734)
Interest expense(4)	—	5,897
Non-operating expenses(5)	92,672	14,499
Non-GAAP Adjusted Income Before Applicable Taxes	412,169	299,424
Pro Forma Adjustments:		
Income tax expense adjustment(6)	(158,685)	(115,278)
Tax adjustments(7)	6,525	—
Pro Forma Adjusted Net Income	\$ 260,009	\$ 184,146

(1) Represents acquisition and integration costs incurred in connection with our acquisitions and costs associated with our separation from Fifth Third Bank.

(2) Represents amortization of intangible assets acquired through business combinations and customer portfolio and related asset acquisitions.

(3) Represents adjustment to depreciation and amortization associated with our property and equipment, assuming that our property and equipment at December 31, 2011 was in place on January 1, 2011.

- (4) Represents adjustment to interest expense to reflect what our interest expense would have been at December 31, 2011 if our level of debt and applicable terms was outstanding on January 1, 2011.
- (5) Expenses primarily associated with the refinancing of our debt in March 2012 and May 2011 and the termination of our interest rate swaps in March 2012.
- (6) Represents adjustment to income tax expense to reflect an effective tax rate of 38.5%, assuming conversion of non-controlling interests into shares of Class A common stock, including the tax effect of the adjustments described above.
- (7) Adjustment relates to tax benefits due to the amortization of intangible assets and other tax attributes resulting from or acquired with our acquisitions, including Litle, and to the tax basis step up associated with our separation from Fifth Third Bank and the purchase or exchange of Class B units of Vantiv Holding, net of payment obligations under TRAs established at the time of our initial public offering. No adjustment is made during 2011 as such adjustment would not be comparable due to our existing corporate structure and TRAs having been put in place in connection with the IPO during the year ended December 31, 2012.

**Item 6. Exhibits**

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

**SIGNATURES**

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

**VANTIV, INC.**

Dated: May 6, 2013

By:           /s/ Mark L. Heimbouch            
Mark. L. Heimbouch  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.1+	Form of Stock Option Grant Notice and Option Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan
10.2+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan
10.3+	Form of Performance Share Award Notice and Performance Share Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive Data Files

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+ Indicates a management contract or compensatory plan.

VANTIV, INC.  
 2012 EQUITY INCENTIVE PLAN  
NOTICE OF STOCK OPTION GRANT

You (“**Participant**”) have been granted an option to purchase the number of shares of the Company’s Class A common stock (“**Shares**”) set forth below (the “**Option**”). The Option is granted under the Vantiv, Inc. 2012 Equity Incentive Plan (the “**Plan**”) and is subject to the terms and conditions of the Plan, this Notice of Stock Option Grant (“**Notice**”) and the Stock Option Award Agreement (“**Agreement**”) attached to this Notice. Unless otherwise defined in this Notice or the Agreement, the terms defined in the Plan shall have the same meanings in this Notice and the Agreement.

**Participant Name:**

**Grant Date:**

**Exercise Price (per Share):**

**Total Number of Shares:**

**Expiration Date:** Unless the Option terminates earlier pursuant to the provisions of the Agreement, the Option shall expire on the tenth anniversary of the Grant Date

**Type of Option:** Nonqualified Stock Option

**Exercise Schedule:** Same as Vesting Schedule

**Vesting Schedule:** Subject to the limitations set forth in this Notice, the Plan and the Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

The Option vests with respect to 25% of the Shares on each of the first four anniversaries of the Grant Date, subject to Participant’s Continuous Service Status through each such vesting date.

**Additional Terms/Acknowledgements:** By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to the following:

Participant understands that Participant’s employment with the Company is for an unspecified duration, can be terminated at any time (i.e., is “at-will”), and that nothing in this Notice, the Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the Option pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Agreement, the Plan and the Plan prospectus, and agrees to be bound by the terms of such documents, including the restrictive covenants contained therein. By accepting this Award, Participant consents to the electronic delivery as set forth in the Agreement and to participate in the Plan through an on-line or electronic system maintained by the Company or a third party designated by the Company.



VANTIV, INC.  
2012 EQUITY INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AWARD AGREEMENT

Pursuant to your Notice of Stock Option Grant (“**Notice**”) and this Nonqualified Stock Option Award Agreement (“**Agreement**”), Vantiv, Inc. (the “**Company**”) has granted you (“**you**” or “**Participant**”) an option (the “**Option**”) under its 2012 Equity Incentive Plan (the “**Plan**”) to purchase the number of shares of the Company’s Class A common stock indicated in the Notice at the exercise price per share indicated in the Notice (the “**Exercise Price**”). The Option is granted to you effective as of the Grant Date set forth in the Notice. The Option is subject to the restrictions and other terms and conditions set forth in the Notice and the Plan, which are incorporated herein by reference, and in this Agreement. If there is any conflict between the terms in the Plan and this Agreement or the Notice, the terms of the Plan will control. Defined terms not explicitly defined in this Agreement or in the Notice but defined in the Plan will have the same definitions as in the Plan.

1. Vesting. The Option will vest in accordance with the schedule set forth in the Notice. The Option may not be exercised prior to vesting. Once the Option vests, Participant will have until the Expiration Date specified in the Notice to exercise the Option, unless Participant’s Continuous Service Status terminates prior to the Expiration Date or the Option is otherwise settled in cash upon a Change of Control pursuant to Section 5 of this Agreement. Except as provided below in Section 2 or Section 5, any portion of the Option that is not vested at the time the Participant ceases Continuous Service Status shall immediately terminate.

2. Effect of Termination of Employment on Option. The Option, whether vested or unvested, will automatically be forfeited and cancelled upon termination of Participant’s Continuous Service Status, and no Shares may thereafter be purchased under the Option, except as follows:

A. Death or Disability. In the event Participant’s Continuous Service Status terminates by reason of death or Disability, the Option shall become immediately exercisable in full and shall remain exercisable by Participant or Participant’s estate (or, in the event of Participant’s death after termination of Participant’s Continuous Service Status when the Option is exercisable pursuant to its terms, by Participant’s estate), at any time prior to the earlier of (i) the Expiration Date or (ii) the first anniversary of the date of Participant’s death or Disability.

B. Retirement. Any Option that is vested but unexercised as of the date of Participant’s Retirement (as defined below) shall remain exercisable at any time prior to the earlier of (a) the Expiration Date or (ii) the third anniversary of the date of Participant’s Retirement. The Option (or any portion thereof) that was not vested at the time of Participant’s retirement shall automatically be forfeited and cancelled upon Participant’s Retirement. For purposes of this Agreement, “Retirement” means retirement from active employment with the Company or an Affiliate at or after (i) age 65 or (ii) age 55 having completed 5 years of Continuous Service Status. Retirement does not apply if Participant is involuntarily terminated for Cause (as defined below) or gross misconduct. If Participant retires and does not meet the definition of Retirement, the Participant will be considered to have resigned. Any disputes as to what constitutes “Retirement” shall be conclusively determined by the Committee or its delegate.

C. Termination by the Company for Cause. In the event Participant’s Continuous Service Status is terminated by the Company or an Affiliate for Cause (as defined below), the Option, whether vested or unvested, shall immediately terminate in its entirety and shall thereafter not be exercisable to any extent whatsoever.

D. Any Other Reason. In the event Participant’s Continuous Service Status terminates for any reason other than one described in Subsections 2(a) through (c) above, or Section 5 below, any portion of the Option that is vested and unexercised as of the date of Participant’s termination will remain exercisable until the earlier of (i) the Expiration Date or (ii) the ninetieth (90<sup>th</sup>) day following the date of Participant’s termination.

E. Extension of Exercise Period. If exercise of the Option following the Participant’s termination of Continuous Service Status during the time period set forth in the applicable paragraph above would violate any of the provisions of the federal securities laws (or any Company policy related thereto) or the rules of any securities exchange or interdealer quotation system, the time period to exercise the Option shall be extended until the date that is thirty (30)

days after the end of the period during which the exercise of the Option would be in violation of such laws or rules (or any Company policy related thereto).

F. Definition of “Cause.” For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant (including a change in control severance agreement or plan), “Cause” shall mean any one or more of the following, (i) gross negligence or willful misconduct of a material nature in connection with the performance of the Participant’s duties, (ii) an indictment or conviction for (or pleading guilty or nolo contendere to) a felony, (iii) a non-de minimus intentional act of fraud, dishonesty or misappropriation (or attempted misappropriation) of the Company’s or any of its Affiliates’ funds or property; (iv) the Company or any of its Affiliates having been ordered or directed by any federal or state regulatory agency with jurisdiction to terminate or suspend the Participant’s employment and such order or directive has not been vacated or reversed upon appeal; or (v) a violation of Section 6 hereof or any similar covenant or agreement between the Participant and the Company or an Affiliate; (vi) the Participant’s breach of any of material obligations in his or her employment agreement or offer letter; (vii) the Participant’s breach of his fiduciary duties as an officer or director of the Company or any of its Affiliates; or (viii) the Participant’s continued failure or refusal after written notice from the chief executive officer or his delegate (or the Board, in the case of the chief executive officer) to implement or follow the direction of the chief executive officer or his delegate (or the Board, as applicable). Any disputes as to what constitutes “Cause” shall be conclusively determined by the Committee or its delegate.

3. Methods of Exercise. The Participant must follow the procedures for exercising options that are established by the Company from time to time. At the time of exercise, the Participant must pay the Exercise Price for the Option or any portion of the Option being exercised and any taxes that are required to be withheld by the Company or any of its Affiliates in connection with the exercise. Participant must pay the Exercise Price in full (i) in cash or a cash equivalent acceptable to the Committee, (ii) by the surrender (or attestation of ownership) of Shares with an aggregate Fair Market Value (based on the closing price of a Share as reported on the New York Stock Exchange composite index on the Date of Exercise) that is equal to the Exercise Price, (iii) by a combination of cash and Shares, (iv) by net settlement of the Option or (v) through a broker-assisted cashless exercise of the Option . One or more of these exercise methods may not be available to Participant (or may be unavailable during a specified period) should the Company determine that its availability will or could violate the terms of any relevant law or regulation. Except as restricted by applicable law, payment of the Exercise Price and/or taxes may be delayed in the discretion of the Committee to accommodate proceeds of sale of some or all of the Shares to which this grant relates. If the Fair Market Value of a Share on the Expiration Date exceeds the Exercise Price, the Option will be automatically exercised upon such Expiration Date. Participant may not exercise the Option at a time when the market price of a Share does not exceed the Exercise Price.

4. Taxes. The Participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Participant pursuant to the Plan, the amount of any required withholding taxes in respect of the Option and Shares and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. In this regard, Participant authorizes the Company to withhold Shares from the Shares that otherwise would be issued or delivered to Participant in respect of the Option; *provided, however*, that no Shares shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Company may permit the Participant to satisfy any federal, state or local tax withholding obligation by any of the additional means identified in Section 3 above, or by a combination of such means. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items is and remains the Participant’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or exercise of the Option or the subsequent sale of any Shares, and (b) does not commit to structure the Options to reduce or eliminate the Participant’s liability for Tax-Related Items. In the event the Company’s obligation to withhold arises prior to the delivery of Shares or it is determined after the delivery of Shares that the amount of the Company’s withholding obligation was greater than the amount withheld by the Company, Participant agrees to hold the Company harmless from any failure by the Company to withhold the proper amount. The Company may refuse to deliver the Shares if the Participant fails to comply with his or her obligations in connection with the tax withholding as described in this section.

## 5. Change of Control.

(a) Treatment Following a Change of Control. If a Change of Control occurs and Participant's Continuous Service Status is terminated by the Company or an Affiliate without Cause (as defined above) or by the Participant for "Good Reason" (as defined below) within the 24-month period following the Change of Control, the Option or, if applicable, the Rolled Over Option (as defined below), shall automatically become fully vested and immediately exercisable in its entirety as of the date of such termination and remain exercisable for a period ending on the earlier of the second anniversary of the date of Participant's termination or the Expiration Date. Notwithstanding the foregoing, if the Successor Corporation (or the ultimate parent entity) in a Change of Control does not provide a Rolled Over Option, the Option shall become fully vested and immediately exercisable in its entirety as of the date of the Change of Control and be eligible to receive the same per share transaction consideration being offered to common stockholders generally pursuant to the Change of Control; or, alternatively, the Committee may, in its discretion and upon at least ten days' advance notice to Participant, cancel the Option and pay to the Participant, in cash or stock, or any combination thereof, the value of the Option based upon the price per Share received or to be received by other stockholders of the Company in the Change of Control. Notwithstanding the foregoing, if at the time of a Change of Control the Exercise Price of the Option equals or exceeds the price paid for a Share in connection with the Change of Control, the Committee may cancel the Option without the payment of consideration therefor.

(b) Definition of "Rolled Over Option." "Rolled Over Option" mean that the Successor Corporation (or the ultimate parent entity) in a Change of Control agrees to honor or assume the Option on substantially equivalent contractual and financial terms, or agrees to grant a substitute award on substantially equivalent contractual and financial terms. Any determination as to what constitutes "substantially equivalent contractual and financial terms" will be conclusively determined by the Committee.

(c) Definition of "Good Reason." "Good Reason" shall be as defined under the terms of the Participant's employment agreement or, if no employment agreement applies to the Participant or such an agreement does not include a definition of "Good Reason," under the terms of any severance policy to which or under which the Participant is a party or participant. For purposes of Section 5(a), the event giving rise to a termination for Good Reason must occur within the 24-month period following a Change of Control. Any disputes as to what constitutes "Good Reason" shall be conclusively determined by the Committee or its delegate.

## 6. Restrictive Covenants

### A. Participant's Covenants.

1. Non-Competition. During the Restricted Period (as defined below), Participant shall not compete in any manner, either directly or indirectly, whether for compensation or otherwise, with the Business of the Company, as further described below. The parties agree that the following activities (without limitation) will be deemed to be competing:

(a) producing, developing, marketing, rendering services for, handling, recommending, analyzing or accepting orders for products or services competitive with the Business of the Company, or assist others to produce, develop, market, or render such services or products; or

(b) accepting employment from or having any other relationship (including, without limitation, through owning, managing, operating, controlling or consulting) with any person or entity that directly or indirectly produces, develops or markets a product, process, or service which is competitive with those products, processes, or services constituting the Business of the Company, whether existing or planned for the future, provided, however, that it shall not be a violation of this Agreement for Participant to have beneficial ownership of less than 1% of the outstanding amount of any class of securities listed on a national securities exchange or quoted on an inter-dealer quotation system; or

(c) taking any other action that is likely or intended to result directly or indirectly in prospective or actual customers of the Company purchasing products, processes, or services which are competitive with those products, processes, or services constituting the Business from a competitor of the Company; or

(d) accepting any job or engagement in which Participant may be in a position to use or disclose Confidential Information regarding the Business of which Participant acquired knowledge or to which Participant had access while employed by the Company.

The parties expressly agree that the foregoing list of activities is illustrative and non-exhaustive, and shall not limit Company's right to protection from other activities that are competitive with the Business of the Company. In recognition of the national scope of the Company's Business, in that it provides products and services to customers throughout the United States of America, Participant agrees that the foregoing restriction(s) shall be applicable throughout the United States of America. Participant agrees that such geographic restriction is reasonable.

1. Non-Solicitation. During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, (a) solicit any person or entity that is a customer of the Business or the Company, or has been a customer of the Company during the prior eighteen (18) months, to purchase any products or services the Business or the Company provided or provides to the customer, (b) interfere with any of the Business's or the Company's business relationships, or (c) directly or indirectly solicit, divert, entice or take away any potential customer identified, selected or targeted by the Business or the Company with whom Participant had contact, involvement or responsibility during Participant's employment with the Company and/or its Affiliates, or attempt to do so for the sale of any product or service that competes with a product or service offered by the Business or the Company.

2. No-Hire. During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, hire, solicit or encourage to leave the employ of the Company or any of its Affiliates any person who is then an employee of the Company or its Affiliates or was such an employee within twelve (12) months of the date of such hiring, soliciting, or encouragement to leave.

3. Confidentiality. The Participant will not at any time (whether during or after the Participant's employment with the Company) disclose, divulge, transfer or provide access to, or use for the benefit of, any third party outside the Company (other than as necessary to perform the Participant's employment duties) any Confidential Information without prior authorization of the Company. Upon termination of the Participant's employment for any reason, the Participant shall return to the Company any and all Confidential Information and other property of the Company or its Affiliates in the Participant's possession or control.

4. Non-Disparagement. Participant agrees not to take any action or to make any statement, written or oral, that disparages or criticizes the business or management of the Company or any of its affiliates, or any of their respective directors, officers, agents, employees, products or services.

B. Certain Definitions.

For purposes of Section 6.A, the following definitions apply.

1. "Business" means (i) merchant processing services (including payment authorization, clearing and settlement for credit, debit, check authorization and truncation), (ii) gift, private label, stored value and prepaid card processing, (iii) electronic funds transfer services to business customers (including debit and ATM card processing and driving services, PIN and signature debit transaction authorization settlement and exception processing, (iv) payment and ATM network switching services (including the Jeanie network), (v) credit and debit card production, activation, replacement and related management services (including on an outsourced basis), (vi) payments-related reselling services, (vii) other value added services (including fraud detection, prevention and management services) relating to the foregoing, (viii) promotional messaging service relating to the foregoing, (ix) debit portfolio management services related to the foregoing, and (x) data processing services related to the foregoing.

2. "Confidential Information" shall mean information or material of the Company which is not generally available to or used by others, or the utility or value of which is not generally known or recognized as standard practice, whether or not the underlying details are in the public domain, including: (A) information or material relating to the Company and its business as conducted or anticipated to be conducted; business plans; operations; past, current

or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities; (B) information or material relating to the Company's inventions, improvements, discoveries, "know-how," technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of the Company's services, products or software; (C) information on or material relating to the Company which when received is marked as "proprietary," "private," or "confidential"; (D) trade secrets of the Company; (E) software of the Company in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of the Company; and (F) any similar information of the type described above which the Company obtained from another party and which the Company treats as or designates as being proprietary, private or confidential, whether or not owned or developed by the Company. Notwithstanding the foregoing, "Confidential Information" does not include any information which is properly published or in the public domain; provided, however, that information which is published by or with the aid of Participant outside the scope of employment or contrary to the requirements of this Agreement will not be considered to have been properly published, and therefore will not be in the public domain for purposes of this Agreement.

3. "Restricted Period" means the period of Participant's employment by the Company or one of its Affiliates and twelve (12) months following termination of such employment for any reason (eighteen months in the case of the Company's chief executive officer).

C. Representations, Warranties and Acknowledgements. Participant acknowledges that Participant's services are of a special, unique and extraordinary character, and Participant's position with the Business and the Company places Participant in a position of confidence and trust with the customers, suppliers, vendors, employees and agents of the Company.

1. Participant also acknowledges that businesses that are competitive with the Company include, but are not limited to, any businesses which are engaged in the Business or any other lines of business that the Company may engage in the future. Participant further acknowledges that the nature of the Business and the other businesses of the Company are national in scope.

2. Participant represents and warrants to the Company that Participant is not a party to any agreement, commitment, arrangement or understanding (whether oral or written) that in any way conflicts with or limits Participant's ability to commence or continue to render services to the Company or that would otherwise limit Participant's ability to perform all responsibilities in accordance with the terms and subject to the conditions of Participant's employment.

D. Remedies. If Participant breaches any provision of Section A hereof, the Option, whether vested or unvested, shall be immediately forfeited and cancelled and the Participant shall immediately return to the Company the Shares previously received upon exercise of any vested Option or the pre-tax income derived from any disposition of the Shares previously received upon exercise of the Option. Participant hereby further consents and agrees that in the event of breach or threatened breach by Participant of any provision of Section A hereof, the Company shall be entitled to (a) temporary and preliminary and permanent injunctive relief and without the posting any bond or other security, (b) damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, (c) recovery of all attorney's fees and costs incurred by the Company in obtaining such relief, (d) cessation and repayment of any severance benefits paid to Participant pursuant to any agreement with the Company, including any employment agreement, severance benefit agreement, plan or program of the Company, and (e) any other legal and equitable relief to which it may be entitled, including any and all monetary damages which the Company may incur as a result of said breach or threatened breach. The Company may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order, and the pursuit of one such remedy at any time will not be deemed an election of remedies or waiver of the right to pursue any other remedy.

E. Early Resolution Conference. The provisions of this Section 6 are understood to be clear and enforceable as written and are entered into by Participant and the Company on that basis. However, should Participant later believe any provision in this Section 6 to be unclear, unenforceable, or inapplicable to activity that Participant intends to engage in, Participant will first notify the Company in writing and meet with a Company representative and

a neutral mediator (if the Company elects to retain one at its expense) to discuss resolution of any disputes between the parties. Participant will provide this notification at least fourteen (14) days before Participant engages in any activity on behalf of a competing business or engages in other activity that could foreseeably fall within a questioned restriction. Any professional activity related to the electronic payments industry in any way shall fall within the scope of this obligation. The failure to comply with this requirement shall waive Participant's right to challenge the reasonable scope, clarity, applicability, or enforceability of this Section 6 and its restrictions at a later time. All rights of Participant and the Company will be preserved if the early resolution conference requirement is complied with even if no agreement is reached in the conference.

F. Governing Law. Notwithstanding Section 8 or any other provision in this Agreement or the Plan to the contrary, because the Company is headquartered in the State of Ohio, the provisions of this Section 6 of the Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio without regard to the choice of law rules of any state, including any state in which Participant works.

G. Miscellaneous.

1. If any provision or clause of this Section 6, or portion thereof, shall be held by any court of competent jurisdiction to be illegal, void or unenforceable in such jurisdiction, the remainder of such provisions shall not thereby be affected and shall be given full effect, without regard to the invalid portion. It is the intention of the parties that, if any court construes any provision or clause of this Agreement, or any portion thereof, to be illegal, void or unenforceable because of the duration of such provision or the area or matter covered thereby, such court shall reduce the duration, area, or matter of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

2. This Section 6 may not be changed or terminated orally and can only be changed by an agreement in writing signed by the parties hereto.

7. Repayment Obligation. In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that Participant's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement, then the Participant shall immediately return to the Company the Shares previously received upon exercise of the Option or the pre-tax income derived from any exercise of the Option and any disposition of the Shares previously received upon exercise of the Option (the "**Repayment Obligation**"). This Repayment Obligation shall be in addition to any compensation recovery policy that may be adopted by the Company or by the Committee pursuant to the Plan, or is otherwise required by applicable law or the rules of the Securities and Exchange Commission.

8. Restrictions on Exercise. The Option is subject to all restrictions set forth in this Agreement or in the Plan. As a condition to any exercise of the Option, the Company may require the Participant or his/her successor to make any representation or warranty to comply with any applicable law or regulation or to confirm any factual matters or execute and deliver any documents requested by the Company.

9. Miscellaneous Provisions.

A. Equity Incentive Plan. The Option is granted under and subject to the terms and conditions of the Plan, which is incorporated herein and made part hereof by this reference. In the event of a conflict between the terms of the Plan and this Agreement, the terms of the Plan, as interpreted by the Committee, shall govern. Any dispute regarding the interpretation of this Agreement or the Plan shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.

B. No Rights of Stockholder. The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued to Participant upon the due exercise of the Option.

C. No Right to Continued Employment. Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue in service to the Company or any Affiliate for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Affiliate employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without cause, subject to the terms of any applicable employment agreement or offer letter between the Participant and the Company or any Affiliate.

D. No Impact on Other Benefits. The value of Participant's Option is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

E. Modification; Waiver; Amendments. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement; provided, however, that the Committee has the right to amend, alter, suspend, discontinue or cancel the Option, prospectively or retroactively; *provided further, that*, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent. No course of dealing or any delay on the part of the Company or the Participant in exercising any rights hereunder shall operate as a waiver of any such rights. No waiver of any default or breach of this Agreement shall be deemed a continuing waiver of any other breach or default. No course of dealing or any delay on the part of the Company in exercising similar rights with regard to other participants shall operate as a waiver of any rights hereunder. .

F. Choice of Law. Except as provided in Section 6, this Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

G. Venue and Jurisdiction. Any legal suit, action or proceeding against any party hereto arising out of or relating to this Agreement shall be instituted in federal or state court in Hamilton County, Ohio, and each party hereto waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and each party hereto irrevocably submits to the exclusive jurisdiction of any such court in any suit, action or proceeding..

H. Headings; Construction of Agreement. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this section, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction.

I. Non-Transferability. This Agreement, and any rights or interests herein, shall not be assigned or transferred by the Participant during the Participant's lifetime, whether by operation of law or otherwise, except by will or the laws of descent and distribution. Any attempt to transfer this Agreement contrary to the terms of this Agreement and/or the Plan shall be null and void and without legal force or effect.

J. Acknowledgement. The Company and the Participant acknowledge and agree that the Option is granted under and governed by the Plan and the provisions of the Notice and this Agreement. The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

K. Electronic Delivery and Acceptance. By accepting this Award, the Participant consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses, and any other documents, communications or information related to or that the Company may be required to deliver in connection with the Plan, the Option or the Shares. Electronic delivery of a document may be via e-mail, by reference to a location on the Company's intranet site or the internet site of a third party involved in administering the Plan, or such other delivery determined at the Company's discretion. Participant also consents and agrees to participate in the Plan through an on-line or electronic system maintained by the Company or a third party involved in administering

the Plan. This Agreement will be deemed to be signed by Participant upon the electronic grant acceptance by Participant of the Notice of Stock Option Grant to which it is attached.

L. Confidentiality. By accepting the Option, Participant agrees to keep confidential the existence of, and any information concerning, a dispute, controversy or claim arising out of or relating to or concerning the Plan or this Agreement, except that Participant may disclose information concerning such dispute, controversy or claim to the court that is considering such dispute, controversy or claim and to Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute, controversy or claim).



**VANTIV, INC.**  
**2012 EQUITY INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**

You (“**Participant**”) have been granted an award (“**Award**”) of Restricted Stock Units (“**RSUs**”) as set forth below. The Award is granted under the Vantiv, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”) and is subject to the terms and conditions of the Plan, this Notice of Restricted Stock Unit Award (“**Notice**”) and the Restricted Stock Unit Award Agreement (“**Agreement**”) attached to this Notice. Unless otherwise defined in this Notice or the Agreement, the terms defined in the Plan shall have the same meanings in this Notice and the Agreement.

**Participant Name:**

**Employee ID:**

**Grant ID:**

**Date of Grant:**

**Number of RSUs:**

**Vesting Schedule:**

Subject to the limitations set forth in this Notice, the Plan and the Agreement, the RSUs will vest in 25% annual increments beginning on the first anniversary of the Date of Grant.

**Additional Terms/Acknowledgements:** By accepting (whether in writing, electronically or otherwise) this Award, Participant acknowledges and agrees to the following:

Participant understands that Participant’s employment with the Company is for an unspecified duration, can be terminated at any time (i.e., is “at-will”), and that nothing in this Notice, the Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or an Affiliate of the Company. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Agreement, the Plan and the Plan prospectus, and agrees to be bound by the terms of such documents, including the restrictive covenants contained therein. By accepting this Award, Participant consents to the electronic delivery as set forth in the Agreement and to participate in the Plan through an on-line or electronic system maintained by the Company or a third party designated by the Company.

VANTIV, INC.  
2012 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Notice of Restricted Stock Unit Award (the “**Notice**”) and this Restricted Stock Unit Award Agreement (“**Agreement**”), Vantiv, Inc. (the “**Company**”) has awarded you a Restricted Stock Unit award (the “**Award**”) under its 2012 Equity Incentive Plan (the “**Plan**”) for the number of restricted stock units (“**Restricted Stock Units**” or “**RSUs**”) indicated in the Notice. Capitalized terms not explicitly defined in this Agreement or in the Notice but defined in the Plan will have the same definitions as in the Plan. The details of your Award, in addition to those set forth in the Notice and the Plan, are as follows:

1. **Grant.** Each RSU represents a right (which is subject to forfeiture and transfer restrictions) to a future payment of one share (“**Share**”) of the Company’s Class A Common Stock.
2. **Settlement.** Settlement of RSUs shall be made as soon as administratively practicable after the applicable vesting date (but no later than March 15 of the calendar year following the calendar year in which such vesting occurs). Subject to any required tax withholding, such settlement shall be in Shares. In no event will the Company grant or issue a fractional RSU or Share. Any fraction will be rounded down to the nearest whole RSU or Share.
3. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right to dividends or to vote such Shares.
4. **No Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.
5. **Non-Transferability of RSUs.** RSUs may not be transferred in any manner other than by will or by the laws of descent or distribution or court order. This restriction on transfer will lapse upon delivery of Shares in respect of vested RSUs.
6. **Treatment upon Termination of Service.**

(a) **General Rule.** Subject to Section 6(b) and Section 10, if Participant’s Continuous Service Status terminates for any reason at any time before all of Participant’s RSUs have vested, all unvested RSUs shall be automatically forfeited upon such termination. In the case of any dispute as to whether a termination of Continuous Service Status has occurred, the Committee shall have sole discretion to determine whether such termination has occurred and the effective date of such termination.

(b) **Special Rule for Death and Disability.** If Participant’s Continuous Service Status terminates as a result of Participant’s death or Disability, all unvested RSUs shall vest as of the date of such termination.

7. **Tax Withholding.** The Participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Participant pursuant to the Plan, the amount of any required withholding taxes in respect of the RSUs and Shares and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. In this regard, the Participant authorizes the Company to withhold Shares from the Shares that otherwise would be issued or delivered to the Participant in respect of the RSUs; *provided, however*, that no Shares shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Company may permit the Participant to satisfy any federal, state or local tax withholding obligation by any of the following additional means, or by a combination of such means:

- (a) tendering a cash payment;
- (b) “sell to cover;”

(c) delivering to the Company previously owned and unencumbered Shares; or

(d) any other arrangement approved by the Committee.

One or more of these methods may not be available to Participant (or may be unavailable during a specified period) should the Company determine that its availability will or could violate the terms of any relevant law or regulation. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items is and remains the Participant’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the RSUs or the subsequent sale of any Shares, and (b) does not commit to structure the RSUs to reduce or eliminate the Participant’s liability for Tax-Related Items. In the event the Company’s obligation to withhold arises prior to the delivery of Shares or it is determined after the delivery of Shares that the amount of the Company’s withholding obligation was greater than the amount withheld by the Company, Participant agrees to hold the Company harmless from any failure by the Company to withhold the proper amount. The Company may refuse to deliver the Shares if the Participant fails to comply with his or her obligations in connection with the tax withholding as described in this section.

**8. No Employment/Service Rights.** Nothing in the Plan or this Agreement shall affect in any manner whatsoever the right or power of the Company, or an Affiliate of the Company, to terminate Participant’s service, for any reason, with or without cause.

**9. No Impact on Other Benefits.** The value of Participant’s RSUs is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

**10. Change of Control.**

(a) Treatment Following a Change of Control. If a Change of Control occurs and Participant’s Continuous Service Status is terminated by the Company or an Affiliate without “Cause” or by the Participant for “Good Reason” (each as defined below) within the 24-month period following the Change of Control, all unvested RSUs or, if applicable, Rolled Over RSUs (as defined below), shall automatically vest in full as of the date of such termination. Notwithstanding the foregoing, if the Successor Corporation (or the ultimate parent entity) in a Change of Control does not provide Rolled Over RSUs, all unvested RSUs shall vest in full as of the date of the Change of Control and be eligible to receive the same per share transaction consideration being offered to common stockholders generally pursuant to the Change of Control; or, alternatively, the Committee may cancel the Participant’s outstanding RSUs and pay to the Participant, in cash or stock, or any combination thereof, the value of such RSUs based upon the price per Share received or to be received by other stockholders of the Company in the Change of Control.

(b) Definition of “Rolled Over RSUs.” “Rolled Over RSUs” mean that the Successor Corporation (or the ultimate parent entity) in a Change of Control agrees to honor or assume the RSUs on substantially equivalent contractual and financial terms, or agrees to grant a substitute award on substantially equivalent contractual and financial terms. Any determination as to what constitutes “substantially equivalent contractual and financial terms” will be conclusively determined by the Committee.

(c) Definition of “Good Reason.” “Good Reason” shall be as defined under the terms of the Participant’s employment agreement or, if no employment agreement applies to the Participant or such an agreement does not include a definition of “Good Reason,” under the terms of any severance policy maintained by the Company to which or under which the Participant is a party or participant. For purposes of Section 10(a), the event giving rise to a termination for Good Reason must occur within the 24-month period following a Change of Control.

(d) Definition of “Cause.” For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant (including a change in control severance agreement or plan), “Cause” shall mean any one or more of the following, (i) gross negligence or willful misconduct of a material nature in connection with the performance of the Participant’s duties, (ii) an indictment or conviction for (or pleading guilty or nolo contendere to) a felony, (iii)

a non-de minimus intentional act of fraud, dishonesty or misappropriation (or attempted misappropriation) of the Company's or any of its Affiliates' funds or property; (iv) the Company or any of its Affiliates having been ordered or directed by any federal or state regulatory agency with jurisdiction to terminate or suspend the Participant's employment and such order or directive has not been vacated or reversed upon appeal; or (v) a violation of Section 12 hereof or any similar covenant or agreement between the Participant and the Company or an Affiliate; (vi) the Participant's breach of any of material obligations in his or her employment agreement or offer letter; (vii) the Participant's breach of his fiduciary duties as an officer or director of the Company or any of its Affiliates; or (viii) the Participant's continued failure or refusal after written notice from the chief executive officer or his delegate (or the Board, in the case of the chief executive officer) to implement or follow the direction of the chief executive officer or his delegate (or the Board, as applicable). Any disputes as to what constitutes "Cause" or "Good Reason" shall be conclusively determined by the Committee or its delegate.

11. **Compliance with Laws and Regulations.** The issuance of Shares will be subject to and conditioned upon compliance by the Company and the Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer.

12. **Restrictive Covenants.**

A. **Participant's Covenants.**

1. **Non-Competition.** During the Restricted Period (as defined below), Participant shall not compete in any manner, either directly or indirectly, whether for compensation or otherwise, with the Business of the Company, as further described below. The parties agree that the following activities (without limitation) will be deemed to be competing:

(a) producing, developing, marketing, rendering services for, handling, recommending, analyzing or accepting orders for products or services competitive with the Business of the Company, or assist others to produce, develop, market, or render such services or products; or

(b) accepting employment from or having any other relationship (including, without limitation, through owning, managing, operating, controlling or consulting) with any person or entity that directly or indirectly produces, develops or markets a product, process, or service which is competitive with those products, processes, or services constituting the Business of the Company, whether existing or planned for the future, provided, however, that it shall not be a violation of this Agreement for Participant to have beneficial ownership of less than 1% of the outstanding amount of any class of securities listed on a national securities exchange or quoted on an inter-dealer quotation system; or

(c) taking any other action that is likely or intended to result directly or indirectly in prospective or actual customers of the Company purchasing products, processes, or services which are competitive with those products, processes, or services constituting the Business from a competitor of the Company; or

(d) accepting any job or engagement in which Participant may be in a position to use or disclose Confidential Information regarding the Business of which Participant acquired knowledge or to which Participant had access while employed by the Company.

The parties expressly agree that the foregoing list of activities is illustrative and non-exhaustive, and shall not limit Company's right to protection from other activities that are competitive with the Business of the Company. In recognition of the national scope of the Company's Business, in that it provides products and services to customers throughout the United States of America, Participant agrees that the foregoing restriction(s) shall be applicable throughout the United States of America. Participant agrees that such geographic restriction is reasonable.

2. **Non-Solicitation.** During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, (a) solicit any person

or entity that is a customer of the Business or the Company, or has been a customer of the Company during the prior eighteen (18) months, to purchase any products or services the Business or the Company provided or provides to the customer, (b) interfere with any of the Business's or the Company's business relationships, or (c) directly or indirectly solicit, divert, entice or take away any potential customer identified, selected or targeted by the Business or the Company with whom Participant had contact, involvement or responsibility during Participant's employment with the Company and/or its Affiliates, or attempt to do so for the sale of any product or service that competes with a product or service offered by the Business or the Company.

3. No-Hire. During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, hire, solicit or encourage to leave the employ of the Company or any of its Affiliates any person who is then an employee of the Company or its Affiliates or was such an employee within twelve (12) months of the date of such hiring, soliciting, or encouragement to leave.

4. Confidentiality. The Participant will not at any time (whether during or after the Participant's employment with the Company) disclose, divulge, transfer or provide access to, or use for the benefit of, any third party outside the Company (other than as necessary to perform the Participant's employment duties) any Confidential Information without prior authorization of the Company. Upon termination of the Participant's employment for any reason, the Participant shall return to the Company any and all Confidential Information and other property of the Company or its Affiliates in the Participant's possession or control.

5. Non-Disparagement. Participant agrees not to take any action or to make any statement, written or oral, that disparages or criticizes the business or management of the Company or any of its Affiliates, or any of their respective directors, officers, agents, employees, products or services.

B. Certain Definitions. For purposes of Section 12.A, the following definitions apply.

1. "Business" means (i) merchant processing services (including payment authorization, clearing and settlement for credit, debit, check authorization and truncation), (ii) gift, private label, stored value and prepaid card processing, (iii) electronic funds transfer services to business customers (including debit and ATM card processing and driving services, PIN and signature debit transaction authorization settlement and exception processing, (iv) payment and ATM network switching services (including the Jeanie network), (v) credit and debit card production, activation, replacement and related management services (including on an outsourced basis), (vi) payments-related reselling services, (vii) other value added services (including fraud detection, prevention and management services) relating to the foregoing, (viii) promotional messaging service relating to the foregoing, (ix) debit portfolio management services related to the foregoing, and (x) data processing services related to the foregoing.

2. "Confidential Information" shall mean information or material of the Company which is not generally available to or used by others, or the utility or value of which is not generally known or recognized as standard practice, whether or not the underlying details are in the public domain, including: (A) information or material relating to the Company and its business as conducted or anticipated to be conducted; business plans; operations; past, current or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities; (B) information or material relating to the Company's inventions, improvements, discoveries, "know-how," technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of the Company's services, products or software; (C) information on or material relating to the Company which when received is marked as "proprietary," "private," or "confidential"; (D) trade secrets of the Company; (E) software of the Company in various stages of development, software designs, web-based solutions, specifications, programming aids, programming

languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of the Company; and (F) any similar information of the type described above which the Company obtained from another party and which the Company treats as or designates as being proprietary, private or confidential, whether or not owned or developed by the Company. Notwithstanding the foregoing, “Confidential Information” does not include any information which is properly published or in the public domain; provided, however, that information which is published by or with the aid of Participant outside the scope of employment or contrary to the requirements of this Agreement will not be considered to have been properly published, and therefore will not be in the public domain for purposes of this Agreement.

3. “Restricted Period” means the period of Participant’s employment by the Company or one of its Affiliates and twelve (12) months following termination of such employment for any reason.

C. Representations, Warranties and Acknowledgements. Participant acknowledges that Participant’s services are of a special, unique and extraordinary character, and Participant’s position with the Business and the Company places Participant in a position of confidence and trust with the customers, suppliers, vendors, employees and agents of the Company.

1. Participant also acknowledges that businesses that are competitive with the Company include, but are not limited to, any businesses which are engaged in the Business or any other lines of business that the Company may engage in the future. Participant further acknowledges that the nature of the Business and the other businesses of the Company are national in scope.

2. Participant represents and warrants to the Company that Participant is not a party to any agreement, commitment, arrangement or understanding (whether oral or written) that in any way conflicts with or limits Participant’s ability to commence or continue to render services to the Company or that would otherwise limit Participant’s ability to perform all responsibilities in accordance with the terms and subject to the conditions of Participant’s employment.

D. Remedies. If Participant breaches any provision of Section 12.A hereof, all outstanding RSUs, whether vested or unvested, shall be immediately forfeited and cancelled and the Participant shall immediately return to the Company the Shares previously received in settlement of any vested RSUs or the pre-tax income derived from any disposition of the Shares previously received in settlement of the RSUs. Participant hereby further consents and agrees that in the event of breach or threatened breach by Participant of any provision of Section A hereof, the Company shall be entitled to (a) temporary and preliminary and permanent injunctive relief and without the posting any bond or other security, (b) damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, (c) recovery of all attorney’s fees and costs incurred by the Company in obtaining such relief, (d) cessation and repayment of any severance benefits paid to Participant pursuant to any agreement with the Company, including any employment agreement, severance benefit agreement, plan or program of the Company, and (e) any other legal and equitable relief to which it may be entitled, including any and all monetary damages which the Company may incur as a result of said breach or threatened breach. The Company may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order, and the pursuit of one such remedy at any time will not be deemed an election of remedies or waiver of the right to pursue any other remedy.

E. Early Resolution Conference. The provisions of this Section 12 are understood to be clear and enforceable as written and are entered into by Participant and the Company on that basis. However, should Participant later believe any provision in this Section 12 to be unclear, unenforceable, or inapplicable to activity that Participant intends to engage in, Participant will first notify the Company in writing and meet with a Company representative and a neutral mediator (if the Company elects to retain one at its expense) to discuss resolution of any disputes between the parties. Participant will provide this notification at least fourteen (14) days before Participant engages in any activity on behalf of a competing business or engages in other activity that could foreseeably fall within a questioned restriction. Any professional activity related to the electronic payments industry in any way shall fall within the scope of this obligation. The failure to comply with this requirement shall waive Participant’s right to challenge the reasonable scope, clarity, applicability, or enforceability of this Section 12 and its restrictions at a later time. All rights of Participant and the Company will be preserved if the early resolution conference requirement is complied with even if no agreement is reached in the conference.

F. Governing Law. Notwithstanding Section 14 or any other provision in this Agreement or the Plan to the contrary, because the Company is headquartered in the State of Ohio, the provisions of this Section 12 of the Agreement, shall be governed by, and construed in accordance with, the laws of the State of Ohio without regard to the choice of law rules of any state, including any state in which Participant works.

G. Miscellaneous.

1. If any provision or clause of this Section 12, or portion thereof, shall be held by any court of competent jurisdiction to be illegal, void or unenforceable in such jurisdiction, the remainder of such provisions shall not thereby be affected and shall be given full effect, without regard to the invalid portion. It is the intention of the parties that, if any court construes any provision or clause of this Section 12, or any portion thereof, to be illegal, void or unenforceable because of the duration of such provision or the area or matter covered thereby, such court shall reduce the duration, area, or matter of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

2. This Section 12 may not be changed or terminated orally and can only be changed by an agreement in writing signed by the Company and the Participant.

**13. Interpretations; Amendments; Enforcement of Rights.** Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any dispute regarding the interpretation of this Agreement or the Plan shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement; provided, however, that the Committee has the right to amend, alter, suspend, discontinue or cancel the RSUs, prospectively or retroactively; *provided further, that*, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent. No course of dealing or any delay on the part of the Company or the Participant in exercising any rights hereunder shall operate as a waiver of any such rights. No waiver of any default or breach of this Agreement shall be deemed a continuing waiver of any other breach or default. No course of dealing or any delay on the part of the Company in exercising similar rights with regard to other participants shall operate as a waiver of any rights hereunder.

**14. Severability; Governing Law; Venue and Jurisdiction.** The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law. Except as provided in Section 12, this Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in federal or state court in Hamilton County, Ohio, and each party hereto waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and each party hereto irrevocably submits to the exclusive jurisdiction of any such court in any suit, action or proceeding.

**15. Acknowledgement.** The Company and the Participant acknowledge and agree that the Award is granted under and governed by the Plan and the provisions of the Notice and this Agreement. The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Award subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

**16. Electronic Delivery and Acceptance.** By accepting this Award, the Participant consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses, and any other documents, communications or information related to or that the Company may be required to deliver in connection with the Plan, the Award or the Shares. Electronic delivery of a document may be via e-mail, by reference to a location on the Company's intranet site or the internet site of a third party involved in administering the Plan, or such other

delivery determined at the Company's discretion. Participant also consents and agrees to participate in the Plan through an on-line or electronic system maintained by the Company or a third party involved in administering the Plan. This Agreement will be deemed to be signed by Participant upon the electronic grant acceptance by Participant of the Notice of Restricted Stock Unit Award to which it is attached.

**17. Confidentiality.** By accepting this Award, the Participant agrees to keep confidential the existence of, and any information concerning, a dispute, controversy or claim arising out of or relating to or concerning the Plan, this Award or this Agreement, except that the Participant may disclose information concerning such dispute, controversy or claim to the court that is considering such dispute, controversy or claim and to the Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute, controversy or claim).

**18. Section 409A.** This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. In addition and notwithstanding anything to the contrary in this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the Participant's consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

**19. Repayment Obligation.** In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that the Participant's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement, then the Participant shall immediately return to the Company the Shares issued in settlement of the RSUs or the pre-tax income derived from any disposition of the Shares previously received in settlement of the RSUs (the "**Repayment Obligation**"). This Repayment Obligation shall be in addition to any compensation recovery policy that may be adopted by the Company or by the Committee pursuant to the Plan, or is otherwise required by applicable law or the rules of the Securities and Exchange Commission.



VANTIV, INC.  
2012 EQUITY INCENTIVE PLAN  
NOTICE OF PERFORMANCE SHARE UNIT AWARD

You (“**Participant**”) have been granted an award (“**Award**”) of Performance Share Units (“**PSUs**”) as set forth below. Each PSU represents one share of the Company’s Class A common stock. The Award is granted under the Vantiv, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”) and is subject to the terms and conditions of the Plan, this Notice of Performance Share Unit Award (“**Notice**”) and the Performance Share Unit Award Agreement (the “**Award Agreement**” or “**Agreement**”) attached to this Notice. Unless otherwise defined in this Notice or the Award Agreement, the terms defined in the Plan shall have the same meanings in this Notice and the Award Agreement.

**Participant Name:**

**Number of PSUs (“Target Award”):**

**Date of Grant:**

**Performance Period:** The three-year period commencing on January 1, 2013 and ending on December 31, 2015.

**Performance Goals:** The Performance Goals are set forth in Exhibit 1 to the Award Agreement.

**Vesting Date:** Subject to the limitations set forth in this Notice, the Plan and the Award Agreement, the PSUs will vest on the third anniversary of the Date of Grant.

**Additional Terms/Acknowledgements:** By accepting (whether in writing, electronically or otherwise) this Award, Participant acknowledges and agrees to the following:

Participant understands that Participant’s employment with the Company is for an unspecified duration, can be terminated at any time (i.e., is “at-will”), and that nothing in this Notice, the Award Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the PSUs are subject to forfeiture until they vest and that vesting is subject to (a) the achievement of the Performance Goals set forth in Exhibit 1 to the Award Agreement and (b) Participant’s continued employment through the third anniversary of the Date of Grant. Participant also understands that this Award is subject to the terms and conditions of the Award Agreement to which this Notice is attached and the Plan, both of which are incorporated herein by reference. Participant has read the Award Agreement and the Plan, and agrees to be bound by the terms of such documents, including the restrictive covenants contained therein. By accepting this Award, Participant consents to the electronic delivery as set forth in the Award Agreement and to participate in the Plan through an on-line or electronic system maintained by the Company or a third party designated by the Company.

VANTIV, INC.  
2012 EQUITY INCENTIVE PLAN  
PERFORMANCE SHARE UNIT AWARD AGREEMENT

Pursuant to the Notice of Performance Share Unit Award (the “**Notice**”) and this Performance Share Unit Award Agreement (“**Agreement**”), Vantiv, Inc. (the “**Company**”) has granted you (“**you**” or “**Participant**”) an award (the “**Award**”) of Performance Share Units (“**PSUs**”) under its 2012 Equity Incentive Plan (the “**Plan**”). The Award is granted to you effective as of the Date of Grant set forth in the Notice. Capitalized terms not explicitly defined in this Agreement or in the Notice but defined in the Plan will have the same definitions as in the Plan. The details of your Award, in addition to those set forth in the Notice and the Plan, are as follows:

1. Grant of Performance Share Units. Pursuant to Section 9 of the Plan, the Company hereby grants to the Participant an Award for the target number of PSUs set forth in the Notice (the “**Target Award**”). Each PSU represents the right to receive one share (“**Share**”) of the Company’s Class A common stock, subject to the terms and conditions set forth in this Agreement and the Plan. The number of PSUs that the Participant actually earns for the Performance Period (up to a maximum of 200% of the Target Award) will be determined by the level of achievement of the Performance Goals in accordance with Exhibit 1 attached hereto.

2. Performance Period. For purposes of this Agreement, the term “Performance Period” shall be the period commencing on January 1, 2013 and ending on December 31, 2015.

3. Performance Goals.

3.1 The number of PSUs earned by the Participant for the Performance Period will be determined at the end of the Performance Period based on the level of achievement of the Performance Goals in accordance with Exhibit 1. All determinations of whether Performance Goals have been achieved, the number of PSUs earned by the Participant, and all other matters related to this Agreement shall be made by the Committee in its sole discretion.

3.2 Promptly following completion of the Performance Period, the Committee will review and certify in writing (a) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, and (b) the number of PSUs that the Participant shall earn, if any, subject to compliance with the requirements of Section 4.

4. Vesting of PSUs. The PSUs are subject to forfeiture until they vest. Except as otherwise provided herein, the PSUs will vest and become nonforfeitable on the third anniversary of the Grant Date, subject to (a) the achievement of the Performance Goals for payout set forth in Exhibit 1 attached hereto, and (b) the Participant’s Continuous Service Status from the Grant Date through the third anniversary of the Grant Date. The actual number of PSUs that vest and become payable under this Agreement shall be determined by the Committee based on the level of achievement of the Performance Goals set forth in Exhibit 1 and shall be rounded down to the nearest whole PSU.

5. Payment of PSUs. Subject to the terms and conditions of the Plan and this Agreement and following approval by the Committee, payment in respect of vested PSUs shall be made in Shares and shall occur as soon as administratively practicable (but not later than 74 days) after the last day of the performance period. On such date, the Company shall issue and deliver to the Participant the number of Shares (rounded down to the nearest whole Share) equal to the number of vested PSUs, less any taxes or other deductions in accordance with Section 12.

6. Effect of Termination of Employment on PSUs.

6.1 Except as provided in this Section 6 or Section 7 below, if the Participant’s Continuous Service Status terminates for any reason at any time before the PSUs have vested, the PSUs shall be automatically forfeited and cancelled upon such termination of Continuous Service Status and neither the Company nor any Affiliate shall have any further obligations to the Participant under this Agreement.

6.2 Death or Disability. Notwithstanding Section 6.1, if the Participant’s Continuous Service Status terminates during the Performance Period as a result of the Participant’s death or Disability, the Participant will become fully vested on such date in a pro rata portion of the Target Award and Participant or Participant’s estate, as the case may be,

will receive a corresponding number of Shares as soon as administratively possible thereafter. Such pro rata portion shall be calculated by multiplying the Target Award by a fraction, the numerator of which equals the number of months that the Participant was employed during the Performance Period (including full credit for partial months) and the denominator of which equals the total number of months in the Performance Period. Notwithstanding the foregoing, the Committee reserves the right to cash-settle some or all the PSUs based on the Fair Market Value, as of the vesting date, of the applicable Shares.

6.3 Involuntary termination without Cause. Notwithstanding Section 6.1, if the Participant's Continuous Service Status terminates during the final year of the Performance Period as a result of the Participant's termination by the Company without Cause (as defined below), the PSUs will vest in accordance with Section 4 subject to (x) achievement of the Performance Goals as if the Participant's Continuous Service Status had not terminated, (y) a pro rata reduction calculated by multiplying the number of PSUs that Participant would have earned had the Participant's Continuous Service Status not terminated by a fraction, the numerator of which equals the number of months that the Participant was employed during the Performance Period (including full credit for partial months) and the denominator of which equals the total number of months in the Performance Period, and (z) compliance with the restrictive covenants set forth in Section 13. Vested PSUs will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period in accordance with Section 5. If the Participant is a participant in the Company's Executive Severance Policy, as the same may be amended from time to time, the provisions of this Section 6.3 shall also apply to a termination by the Participant for "Good Reason." Notwithstanding the foregoing, the Committee reserves the right to cash-settle some or all the PSUs based on the Fair Market Value, as of the vesting date, of the applicable Shares.

6.4 Retirement. Notwithstanding Section 6.1, if the Participant's Continuous Service Status terminates during the Performance Period due to Participant's Retirement (as defined below), the PSUs will vest in accordance with Section 4 subject to (x) achievement of the Performance Goals as if the Participant's Continuous Service Status had not terminated, (y) a pro rata reduction calculated by multiplying the number of PSUs that Participant would have earned had the Participant's Continuous Service Status not terminated by a fraction, the numerator of which equals the number of months that the Participant was employed during the Performance Period (including full credit for partial months) and the denominator of which equals the total number of months in the Performance Period, and (z) compliance with the restrictive covenants set forth in Section 13. Vested PSUs will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period in accordance with Section 5. Notwithstanding the foregoing, the Committee reserves the right to cash-settle some or all the PSUs based on the Fair Market Value, as of the vesting date, of the applicable Shares.

6.5 Definition of "Retirement." For purposes of this Agreement, "Retirement" means retirement from active employment with the Company or an Affiliate at or after (i) age 65 or (ii) age 55 having completed 5 years of Continuous Service Status as an Employee. Section 6.4 does not apply if Participant is terminated for Cause (as defined below) or gross misconduct. If Participant retires and does not meet the definition of Retirement, he or she will be considered to have resigned. Any disputes as to what constitutes "Retirement" shall be conclusively determined by the Committee or its delegate.

6.6 Definition of "Cause." For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant (including a change in control severance agreement or plan), "Cause" shall mean any one or more of the following, (i) gross negligence or willful misconduct of a material nature in connection with the performance of the Participant's duties, (ii) an indictment or conviction for (or pleading guilty or nolo contendere to) a felony, (iii) a non-de minimus intentional act of fraud, dishonesty or misappropriation (or attempted misappropriation) of the Company's or any of its Affiliates' funds or property; (iv) the Company or any of its Affiliates having been ordered or directed by any federal or state regulatory agency with jurisdiction to terminate or suspend the Participant's employment and such order or directive has not been vacated or reversed upon appeal; or (v) a violation of Section 13 hereof or any similar covenant or agreement between the Participant and the Company or an Affiliate; (vi) the Participant's breach of any of material obligations in his or her employment agreement or offer letter; (vii) the Participant's breach of his fiduciary duties as an officer or director of the Company or any of its Affiliates; or (viii) the Participant's continued failure or refusal after written notice from the chief executive officer or his delegate (or the Board, in the case of the chief executive

officer) to implement or follow the direction of the chief executive officer or his delegate (or the Board, as applicable). Any disputes as to what constitutes “Cause” shall be conclusively determined by the Committee or its delegate.

6.7 Release and Waiver of Claims. The special vesting provisions of this Section 6 are conditioned on and subject to Participant delivering a release and waiver of claims in form and substance satisfactory to the Company.

7. Effect of a Change of Control.

7.1 General Rule. Subject to Section 7.2, in the event of a Change of Control, the PSUs shall become fully vested as of the date of the Change of Control at (x) Target (if the Change of Control occurs prior to the 18-month anniversary of the first day of the Performance Period) or (y) actual performance based on the level of achievement of the Performance Goals in accordance with Exhibit 1 (if the Change of Control occurs after the 18-month anniversary of the first day of the Performance Period), in each case without pro-rata for the percentage of the Performance Period that has elapsed. For the avoidance of doubt, in connection with such vesting, each PSU will be eligible to receive the same per share transaction consideration being offered to common stockholders generally pursuant to the Change of Control; or, alternatively, the Committee may cancel the Participant’s PSUs and pay to the Participant, in cash or stock, or any combination thereof, the value of such PSUs based upon the price per Share received or to be received by other stockholders of the Company in the Change of Control.

7.2 Special Rule if Successor Assumes PSUs. Notwithstanding Section 7.1, if the Successor Corporation in a Change of Control agrees to honor or assume the PSUs on substantially equivalent contractual and financial terms, or agrees to grant a Substitute Award on substantially equivalent contractual and financial terms, the PSUs that would otherwise have vested in accordance with Section 7.1 above will instead be converted as of the date of the Change of Control to time-based restricted stock that cliff-vests on the last day of the Performance Period subject to Participant’s Continuous Service Status through such date; *provided, however*, that if, prior to the last day of the Performance Period, the Participant dies or becomes Disabled or is terminated without Cause (as defined above) or terminates for “Good Reason” (as defined under the terms of any employment agreement or severance policy to which or under which the Participant is a party or participant), the restricted stock shall vest in full as of the date of such termination. Any determination of whether assumed PSUs or Substitute Awards are on “substantially equivalent contractual and financial terms” will be conclusively determined by the Committee.

8. Transferability. Subject to any exceptions set forth in this Agreement or the Plan, the PSUs or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant, except by will or the laws of descent and distribution, and upon any such transfer by will or the laws of descent and distribution, the transferee shall hold such PSUs subject to all of the terms and conditions that were applicable to the Participant immediately prior to such transfer.

9. Stockholder Rights; Dividend Equivalents.

9.1 Except as otherwise provided herein, unless and until such time as Shares are issued in settlement of vested PSUs, Participant shall not have any rights of a stockholder with respect to the Shares underlying the PSUs, including, but not limited to, voting rights.

9.2 As of any date that the Company pays an ordinary cash dividend on its Shares, the Company will increase the number of PSUs hereunder (i.e., by increasing the Target Award) by the number of shares that represent an amount equal to the per share cash dividend paid by the Company on its Shares multiplied by the number of target PSUs held by the Participant as of the related dividend payment record date. Any such additional PSUs shall be subject to the same vesting, forfeiture, payment, termination and other terms, conditions and restrictions as the original PSUs to which they relate. No additional PSUs shall be granted with respect to any PSUs which, as of the record date, have either been paid or terminated.

10. No Right to Continued Service. Nothing in the Plan or this Agreement shall affect in any manner whatsoever the right or power of the Company, or a subsidiary or Affiliate of the Company, to terminate Participant’s service, for any reason, with or without cause.

11. Adjustments. If any change is made to the outstanding Shares or the capital structure of the Company, if required, the PSUs shall be adjusted or terminated in any manner as contemplated by Section 5 of the Plan.

12. Tax Liability and Withholding.

12.1 The Participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Participant pursuant to the Plan, the amount of any required withholding taxes in respect of the PSUs and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. In this regard, the Participant authorizes the Company to withhold Shares from the Shares that otherwise would be issued or delivered to the Participant in respect of the PSUs; *provided, however*, that no Shares shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Committee may permit Participant to satisfy any federal, state or local tax withholding obligation by any of the following additional means, or by a combination of such means:

- (a) tendering a cash payment;
- (b) "sell to cover;"
- (c) delivering to the Company previously owned and unencumbered Shares; or
- (d) any other arrangement approved by the Committee.

One or more of these methods may not be available to the Participant (or may be unavailable during a specified period) should the Company determine that its availability will or could violate the terms of any relevant law or regulation.

12.2 Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("**Tax-Related Items**"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the PSUs or the subsequent sale of any shares, and (b) does not commit to structure the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items. . In the event the Company's obligation to withhold arises prior to the delivery of shares or it is determined after the delivery of shares that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, Participant agrees to hold the Company harmless from any failure by the Company to withhold the proper amount. The Company may refuse to deliver the shares if the Participant fails to comply with his or her obligations in connection with the tax withholding as described in this Section 12.

13. Restrictive Covenants.

A. Participant's Covenants.

1. Non-Competition. During the Restricted Period (as defined below), Participant shall not compete in any manner, either directly or indirectly, whether for compensation or otherwise, with the Business of the Company, as further described below. The parties agree that the following activities (without limitation) will be deemed to be competing:

(a) producing, developing, marketing, rendering services for, handling, recommending, analyzing or accepting orders for products or services competitive with the Business of the Company, or assist others to produce, develop, market, or render such services or products; or

(b) accepting employment from or having any other relationship (including, without limitation, through owning, managing, operating, controlling or consulting) with any person or entity that directly or indirectly produces, develops or markets a product, process, or service which is competitive with those products, processes, or services constituting the Business of the Company, whether existing or planned for the future, provided, however, that it shall not be a violation of this Agreement for Participant to have beneficial ownership of less than 1% of the outstanding

amount of any class of securities listed on a national securities exchange or quoted on an inter-dealer quotation system; or

(c) taking any other action that is likely or intended to result directly or indirectly in prospective or actual customers of the Company purchasing products, processes, or services which are competitive with those products, processes, or services constituting the Business from a competitor of the Company; or

(d) accepting any job or engagement in which Participant may be in a position to use or disclose Confidential Information regarding the Business of which Participant acquired knowledge or to which Participant had access while employed by the Company.

The parties expressly agree that the foregoing list of activities is illustrative and non-exhaustive, and shall not limit Company's right to protection from other activities that are competitive with the Business of the Company. In recognition of the national scope of the Company's Business, in that it provides products and services to customers throughout the United States of America, Participant agrees that the foregoing restriction(s) shall be applicable throughout the United States of America. Participant agrees that such geographic restriction is reasonable.

2. Non-Solicitation. During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, (a) solicit any person or entity that is a customer of the Business or the Company, or has been a customer of the Company during the prior eighteen (18) months, to purchase any products or services the Business or the Company provided or provides to the customer, (b) interfere with any of the Business's or the Company's business relationships, or (c) directly or indirectly solicit, divert, entice or take away any potential customer identified, selected or targeted by the Business or the Company with whom Participant had contact, involvement or responsibility during Participant's employment with the Company and/or its Affiliates, or attempt to do so for the sale of any product or service that competes with a product or service offered by the Business or the Company.

3. No-Hire. During the Restricted Period, Participant agrees that Participant will not, either on Participant's own behalf or on behalf of any other person or entity, directly or indirectly, hire, solicit or encourage to leave the employ of the Company or any of its Affiliates any person who is then an employee of the Company or its Affiliates or was such an employee within twelve (12) months of the date of such hiring, soliciting, or encouragement to leave.

4. Confidentiality. The Participant will not at any time (whether during or after the Participant's employment with the Company) disclose, divulge, transfer or provide access to, or use for the benefit of, any third party outside the Company (other than as necessary to perform the Participant's employment duties) any Confidential Information without prior authorization of the Company. Upon termination of the Participant's employment for any reason, the Participant shall return to the Company any and all Confidential Information and other property of the Company or its Affiliates in the Participant's possession or control.

5. Non-Disparagement. Participant agrees not to take any action or to make any statement, written or oral, that disparages or criticizes the business or management of the Company or any of its Affiliates, or any of their respective directors, officers, agents, employees, products or services.

B. Certain Definitions. For purposes of Section 13.A, the following definitions apply.

1. "Business" means (i) merchant processing services (including payment authorization, clearing and settlement for credit, debit, check authorization and truncation), (ii) gift, private label, stored value and prepaid card processing, (iii) electronic funds transfer services to business customers (including debit and ATM card processing and driving services, PIN and signature debit transaction authorization settlement and exception processing, (iv) payment and ATM network switching services (including the Jeanie network), (v) credit and debit card production, activation, replacement and related management services (including on an outsourced basis), (vi) payments-related reselling services, (vii) other value added services (including fraud detection, prevention and management services) relating to the foregoing, (viii) promotional messaging service relating to the foregoing, (ix) debit portfolio management services related to the foregoing, and (x) data processing services related to the foregoing.

2. “Confidential Information” shall mean information or material of the Company which is not generally available to or used by others, or the utility or value of which is not generally known or recognized as standard practice, whether or not the underlying details are in the public domain, including: (A) information or material relating to the Company and its business as conducted or anticipated to be conducted; business plans; operations; past, current or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities; (B) information or material relating to the Company’s inventions, improvements, discoveries, “know-how,” technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of the Company’s services, products or software; (C) information on or material relating to the Company which when received is marked as “proprietary,” “private,” or “confidential”; (D) trade secrets of the Company; (E) software of the Company in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of the Company; and (F) any similar information of the type described above which the Company obtained from another party and which the Company treats as or designates as being proprietary, private or confidential, whether or not owned or developed by the Company. Notwithstanding the foregoing, “Confidential Information” does not include any information which is properly published or in the public domain; provided, however, that information which is published by or with the aid of Participant outside the scope of employment or contrary to the requirements of this Agreement will not be considered to have been properly published, and therefore will not be in the public domain for purposes of this Agreement.

3. “Restricted Period” means the period of Participant’s employment by the Company or one of its Affiliates and twelve (12) months following termination of such employment for any reason (eighteen months in the case of the Company’s chief executive officer).

C. Representations, Warranties and Acknowledgements. Participant acknowledges that Participant’s services are of a special, unique and extraordinary character, and Participant’s position with the Business and the Company places Participant in a position of confidence and trust with the customers, suppliers, vendors, employees and agents of the Company.

1. Participant also acknowledges that businesses that are competitive with the Company include, but are not limited to, any businesses which are engaged in the Business or any other lines of business that the Company may engage in the future. Participant further acknowledges that the nature of the Business and the other businesses of the Company are national in scope.

2. Participant represents and warrants to the Company that Participant is not a party to any agreement, commitment, arrangement or understanding (whether oral or written) that in any way conflicts with or limits Participant’s ability to commence or continue to render services to the Company or that would otherwise limit Participant’s ability to perform all responsibilities in accordance with the terms and subject to the conditions of Participant’s employment.

D. Remedies. If Participant breaches any provision of Section 13.A hereof, all outstanding PSUs, whether vested or unvested, shall be immediately forfeited and cancelled and the Participant shall immediately return to the Company the Shares previously received in settlement of any vested PSUs or the pre-tax income derived from any disposition of the Shares previously received in settlement of the PSUs. Participant hereby further consents and agrees that in the event of breach or threatened breach by Participant of any provision of Section A hereof, the Company shall be entitled to (a) temporary and preliminary and permanent injunctive relief and without the posting any bond or other security, (b) damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, (c) recovery of all attorney’s fees and costs incurred by the Company in obtaining such relief, (d) cessation and repayment of any severance benefits paid to Participant pursuant to any agreement with the Company, including any employment agreement, severance benefit agreement, plan or program of the Company, and (e) any other legal and equitable relief to which it may be entitled, including any and all monetary damages which the Company may incur as a result of said breach or threatened breach. The Company may pursue any remedy available, including declaratory relief, concurrently or consecutively in any order, and the pursuit of one such remedy at any time will not be deemed an election of remedies or waiver of the right to pursue any other remedy.

E. Early Resolution Conference. The provisions of this Section 13 are understood to be clear and enforceable as written and are entered into by Participant and the Company on that basis. However, should Participant later believe any provision in this Section 13 to be unclear, unenforceable, or inapplicable to activity that Participant intends to engage in, Participant will first notify the Company in writing and meet with a Company representative and a neutral mediator (if the Company elects to retain one at its expense) to discuss resolution of any disputes between the parties. Participant will provide this notification at least fourteen (14) days before Participant engages in any activity on behalf of a competing business or engages in other activity that could foreseeably fall within a questioned restriction. Any professional activity related to the electronic payments industry in any way shall fall within the scope of this obligation. The failure to comply with this requirement shall waive Participant's right to challenge the reasonable scope, clarity, applicability, or enforceability of this Section 13 and its restrictions at a later time. All rights of Participant and the Company will be preserved if the early resolution conference requirement is complied with even if no agreement is reached in the conference.

F. Governing Law. Notwithstanding Section 15 or any other provision in this Agreement or the Plan to the contrary, because the Company is headquartered in the State of Ohio, the provisions of this Section 13 of the Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio without regard to the choice of law rules of any state, including any state in which Participant works.

G. Miscellaneous.

1. If any provision or clause of this Section 13, or portion thereof, shall be held by any court of competent jurisdiction to be illegal, void or unenforceable in such jurisdiction, the remainder of such provisions shall not thereby be affected and shall be given full effect, without regard to the invalid portion. It is the intention of the parties that, if any court construes any provision or clause of this Section 13, or any portion thereof, to be illegal, void or unenforceable because of the duration of such provision or the area or matter covered thereby, such court shall reduce the duration, area, or matter of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

2. This Section 13 may not be changed or terminated orally and can only be changed by an agreement in writing signed by the Company and the Participant.

14. Compliance with Law. The issuance and transfer of Shares in connection with the PSUs shall be subject to compliance by the Company and the Participant with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

15. Governing Law; Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law. Except as provided in Section 13, this Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in federal or state court in Hamilton County, Ohio, and each party hereto waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and each party hereto irrevocably submits to the exclusive jurisdiction of any such court in any suit, action or proceeding.

16. Interpretation; Amendment; Enforcement of Rights. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any dispute regarding the interpretation of this Agreement or the Plan shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement; provided, however, that the Committee has the right to amend, alter, suspend, discontinue or cancel the PSUs, prospectively or retroactively; *provided further, that*, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent. No course of dealing or any delay on the part of the Company or the Participant in exercising any rights hereunder shall operate as a waiver of any such rights. No waiver



of any default or breach of this Agreement shall be deemed a continuing waiver of any other breach or default. No course of dealing or any delay on the part of the Company in exercising similar rights with regard to other participants shall operate as a waiver of any rights hereunder..

17. PSUs Subject to Plan. This Agreement is subject to the Plan as approved by the Company's stockholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

18. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

19. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

20. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the PSUs in this Agreement does not create any contractual right or other right to receive any PSUs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company.

21. Section 162(m). To the extent that payments under this Agreement are intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, this Award shall be construed and administered in a manner consistent with such intent.

22. Section 409A. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. In addition and notwithstanding anything to the contrary in this Agreement, we reserve the right to revise this Agreement as we deem necessary or advisable, in our sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this award of PSUs. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

23. No Impact on Other Benefits. The value of the Participant's PSUs is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

24. Acknowledgement. The Company and the Participant acknowledge and agree that the Award is granted under and governed by the Plan and the provisions of the Notice and this Agreement. The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Award subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

25. Electronic Delivery and Acceptance. By accepting this Award, the Participant consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses, and any other documents, communications or information related to or that the Company may be required to deliver in connection with the Plan, the Award or the Shares. Electronic delivery of a document may be via e-mail, by reference to a location on the Company's intranet site or the internet site of a third party involved in administering the Plan, or such other delivery determined

at the Company's discretion. Participant also consents and agrees to participate in the Plan through an on-line or electronic system maintained by the Company or a third party involved in administering the Plan. This Agreement will be deemed to be signed by Participant upon the electronic grant acceptance by Participant of the Notice of PSU Award to which it is attached.

26. Repayment Obligation. In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that Participant's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the PSUs that were granted and/or earned during the three year period prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Participant shall immediately return to the Company the Shares issued in settlement of the PSUs or the pre-tax income derived from any disposition of the Shares previously received in settlement of the PSUs that would not have been granted and/or earned based upon the restated financial results (the "**Repayment Obligation**"). This Repayment Obligation shall be in addition to any compensation recovery policy that may be adopted by the Company or by the Committee pursuant to the Plan, or is otherwise required by applicable law or the rules of the Securities and Exchange Commission.

27. Confidentiality. By accepting this Award, Participant agrees to keep confidential the existence of, and any information concerning, a dispute, controversy or claim arising out of or relating to or concerning the Plan or this Agreement, except that Participant may disclose information concerning such dispute, controversy or claim to the court that is considering such dispute, controversy or claim and to his or her legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute, controversy or claim).

**EXHIBIT 1**  
**2013 PERFORMANCE SHARE AWARDS**

**Performance Period**

The Performance Period is the three-year period beginning January 1, 2013 and ending December 31, 2015.

**Performance Goals**

The number of PSUs earned shall be determined by reference to the Company's cumulative compound annual growth rate over the Performance Period in: 1) net revenue, which will determine the vesting of 30% of the performance shares; and 2) adjusted cash net income per share, which will determine the vesting of 70% of the performance shares.

**Determining PSUs Earned**

Except as otherwise provided in the Plan or the Agreement, the number of PSUs earned with respect to the Performance Period shall be determined as follows:

<b>Net Revenue (30%)</b>		<b>Adjusted Cash Net Income Per Share<sup>(a)</sup> (70%)</b>	
Cumulative Compound Annual Growth Rate	Shares Earned as a Percent of Target Award <sup>(1)</sup>	Cumulative Compound Annual Growth Rate	Shares Earned as a Percent of Target Award <sup>(1)</sup>
% and above	200% (maximum)	% and above	200% (maximum)
%	100% (target)	%	100% (target)
%	50% (threshold)	%	50% (threshold)
Below %	0	Below %	0

(a) Excluding dilutive effects of warrant held by Fifth Third Bank.

(1) For performance between the established levels, the number of performance shares earned will be based on linear interpolation between such levels.

**Award Range**

Depending on the Company's performance against the Performance Goals, the Participant may earn between 0% and 200% of the Target Award.

**Determining Target Award**

The target number of performance shares (the Target Award) is determined on the date of grant by dividing the dollar amount of the target award by the closing price of the Company's Class A common stock on the date of grant.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles D. Drucker, certify that:

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

May 6, 2013

/s/ CHARLES D. DRUCKER

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Charles D. Drucker

President and Chief Executive Officer

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark L. Heimbouch, certify that:

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

May 6, 2013

/s/ MARK L. HEIMBOUCH

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Mark L. Heimbouch  
Chief Financial Officer

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Vantiv, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ending March 31, 2013 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

May 6, 2013

/s/ CHARLES D. DRUCKER

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Charles D. Drucker

President and Chief Executive Officer

May 6, 2013

/s/ MARK L. HEIMBOUCH

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Mark L. Heimbouch

Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to Vantiv, Inc. and will be retained by Vantiv, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

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