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

FORM 10-K

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

For the fiscal year ended December 31, 2016

or

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

Commission File Number: 001-35462

Vantiv, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-4532998**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8500 Governor's Hill Drive
Symmes Township, OH 45249
(Address of principal executive offices)

Registrant's telephone number, including area code: **(513) 900-5250**

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

Title of each class	Name of each exchange on which registered
Class A Common Stock, $0.00001 par value	New York Stock Exchange

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

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

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

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 x No o

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 x No o

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

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 x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

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

As of June 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was $8.8 billion.

As of December 31, 2016, there were 161,134,831 shares of the registrant's Class A common stock outstanding and 35,042,826 shares of the registrant's Class B common stock outstanding.

Documents Incorporated by Reference:

Portions of the registrant's definitive Proxy Statement for the 2017 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K as indicated. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2016.

VANTIV, INC.
FORM 10-K

For the Fiscal Year Ended December 31, 2016

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors,” 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, including those described in the “Risk Factors” section of this report. 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

Item 1. 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., Vantiv Holding and their subsidiaries are referred to collectively as the "Company," "Vantiv," "we," "us" or "our," unless the context requires otherwise.

Business and Client Description

Vantiv is a leading payment processor differentiated by an integrated technology platform, breadth of distribution and superior cost structure. According to the Nilson Report, we are the second largest merchant acquirer and the largest PIN debit acquirer by number of transactions in the United States. Our integrated technology platform is differentiated from our competitors' multiple platform architectures. It enables us to efficiently provide a comprehensive suite of services to merchants and financial institutions of all sizes as well as to innovate, develop and deploy new services, while providing us with significant economies of scale. Our broad and varied distribution includes multiple sales channels, such as our direct and indirect sales forces and referral partner relationships, which provide us with a growing and diverse client base of merchants and financial institutions. We believe this combination of attributes provides us with competitive advantages that generate strong growth and profitability by enabling us to efficiently manage, update and maintain our technology, to utilize technology integration and value-added services to expand our new sales and distribution, and to realize significant operating leverage.

We offer a broad suite of payment processing services that enable our clients to meet their payment processing needs through a single provider, including in omni-channel environments that span point-of-sale, ecommerce and mobile devices. We enable merchants of all sizes to accept and process credit, debit and prepaid payments and provide them supporting value-added services, such as security solutions and fraud management, information solutions, and interchange management. 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, ATM driving and network gateway and switching services that utilize our proprietary Jeanie PIN debit payment network.

Merchant Services

We have a broad and diversified merchant client base. Our merchant client base includes merchant locations across the United States. In 2016, we processed approximately 21.0 billion transactions for these merchants. Our merchant client base has low client concentration and is heavily weighted in non-discretionary everyday spend categories, such as grocery and pharmacy, and includes large national retailers, including eleven of the top 25 national retailers by revenue in 2015. We provide a comprehensive suite of payment processing services to our merchant services clients. We authorize, clear, settle and provide reporting for electronic payment transactions, as further discussed below.

Acquiring and Processing. We provide merchants with a broad range of credit, debit and prepaid payment processing services. We give them the ability to accept and process Visa, Mastercard, American Express, Discover and PIN debit network card transactions originated at the point of sale as well as for ecommerce and mobile transactions. This service includes all aspects of card processing, including authorization and settlement, customer service, chargeback and retrieval processing and network fee and interchange management.

Value-added Services. We offer value-added services that help our clients operate and manage their businesses including omni-channel acceptance, prepaid services and gift card solutions. We also provide security solutions such as point-to-point encryption and tokenization both at the point of sale and for ecommerce transactions.

Financial Institution Services

Our financial institution client base is also generally well diversified and includes regional banks, community banks, credit unions and regional PIN debit networks. In 2016, we processed approximately 4.0 billion transactions for these financial institutions. We generally focus on small to mid-sized institutions with less than $15 billion in assets. Smaller financial institutions generally do not have the scale or infrastructure typical of large institutions and are more likely to outsource their payment processing needs. We provide integrated card issuer processing, payment network processing and value-added services to our financial institutions clients. These services are discussed further below.

Integrated Card Issuer and Processing. We process and service credit, debit, ATM and prepaid transactions. We process and provide statement production, collections and inbound/outbound call centers. Our card processing solution includes

processing and other services such as card portfolio analytics, program strategy and support, fraud and security management and chargeback and dispute services. We provide authorization support in the form of online or batch settlement, as well as real-time transaction research capability and archiving and daily and monthly cardholder reports for statistical analysis.

Value-added Services. We provide additional services to our financial institution clients that complement our issuing and processing services. These services include fraud protection, card production, prepaid cards, ATM driving, portfolio optimization, data analytics and card program marketing. We also provide network gateway and switching services that utilize our Jeanie PIN network. Our Jeanie network offers real-time electronic payment, network bill payment, single point settlement, shared deposit taking and customer select PINs.

Integrated Technology Platform

Our integrated technology platform provides our merchant and financial institution clients with differentiated payment processing solutions and provides us with significant strategic and operational benefits. Small and mid-sized merchants are able to easily connect to our integrated technology platform using our application process interfaces, or APIs, software development kits, or SDKs, and other tools we make available to technology partners, which we believe enhances our capacity to sell to such merchants. Our integrated technology platform allows us to collect, manage and analyze data across both our Merchant Services and our Financial Institution Services segments that we can then package into information solutions for our clients. It provides insight into market trends and opportunities as they emerge, which enhances our ability to innovate and develop new value-added services, including security solutions and fraud management, and it allows us to easily deploy new solutions that span the payment processing value chain, such as ecommerce and mobile services, which are high growth market opportunities. It is highly scalable, which enables us to efficiently manage, update and maintain our technology, increase capacity and speed, and realize significant operating leverage. We believe our integrated technology platform is a key differentiator from payment processors that operate on multiple technology platforms and provides us with a significant competitive advantage.

Sales and Marketing

Our integrated technology platform enables us to provide a comprehensive suite of services to merchants and financial institutions of all sizes. We distribute our services through multiple sales channels that enable us to efficiently and effectively target a growing and diverse client base of merchants and financial institutions. Our sales channels include direct and indirect sales forces as well as referral partner relationships within our Merchant Services and Financial Institution Services segments as described below.

Merchant Services. We distribute our comprehensive suite of services to a broad range of merchants, including large, mid-sized and small merchants, through multiple sales channels as further discussed below.

- Direct: Includes a national sales force that targets large national merchants, a regional and mid-market sales team that sells solutions to merchants and third party reseller clients, and a telesales operation that targets small and mid-sized merchants.
- Indirect: Includes Independent Sales Organizations (ISOs) that target small and mid-sized merchants.
- Merchant Bank: Includes referral partner relationships with financial institutions that target their financial services customers as merchant referrals to us.
- Integrated Payments (IP): Includes referral partner relationships with independent software vendors (ISVs), value-added resellers (VARs), and payment facilitators that target their technology customers as merchant referrals to us.
- eCommerce: Includes a sales force that targets internet retail, online services and direct marketing merchants.

These sales channels utilize multiple strategies and leverage relationships with referral partners that sell our solutions to small and mid-sized merchants. We offer certain of our services on a white-label basis which enables them to be marketed under our partners' brand. We select referral partners that enhance our distribution and augment our services with complimentary offerings. We believe our sales structure provides us with broad geographic coverage and access to various industries and verticals.

Financial Institution Services. We distribute our services by utilizing direct sales forces as well as a diverse group of referral partner relationships. These sales channels utilize multiple strategies and leverage relationships with core processors that sell our solutions to small and mid-sized financial institutions. We offer certain of our services on a white-label basis which enables them to be marketed under our client’s brand. We select resellers that enhance our distribution and augment our services with complementary offerings. Our relationships with core processors are necessary for developing the processing environments required by our financial institution clients. Many of our core processing relationships are non-contractual and

continue for so long as an interface between us and the core processor is needed to accommodate one or more common financial institution customers.

Our sales teams in both Merchant Services and Financial Institution Services are paid a combination of base salary and commission. As of December 31, 2016, we had approximately 1,000 full-time employees participating in sales and marketing, including sales support personnel. Commissions paid to our sales force are based upon a percentage of revenue from new business and cross-selling to existing clients. Residual payments to our referral partners are based upon a percentage of revenues earned from referred business. For the year ended December 31, 2016, combined sales force commissions and residual payments represent approximately 76% of total sales and marketing expenses, or $444.8 million.

Our History

We have a 40 year history of providing payment processing services. We operated as a business unit of Fifth Third Bank ("Fifth Third") until June 2009 when we separated as a stand-alone company, established our own organization, headquarters, brand, growth strategy and completed our initial public offering ("IPO") in March 2012. Since the separation, we have made substantial investments, including several key acquisitions, to enhance our integrated technology platform and reorganize our business to better align it with our market opportunities and broaden our geographic footprint beyond the markets traditionally served by Fifth Third.

Industry Background

Electronic Payments

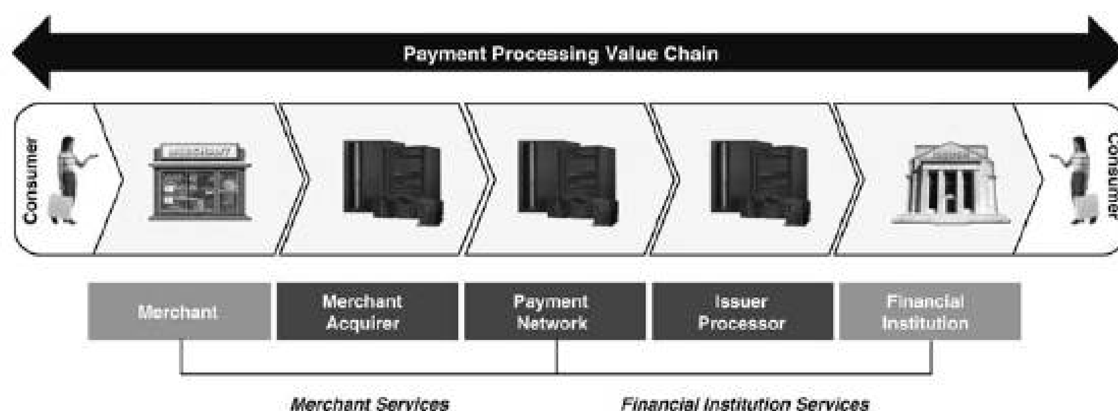
Electronic payments in the United States have evolved into a large and growing market with favorable secular trends that continue to increase the adoption and use of card-based payment services, such as those for credit, debit and prepaid cards.

This growth is driven by the shift from cash and checks towards card-based and other electronic forms of payment due to their greater convenience, security, enhanced services and rewards and loyalty features. We believe changing demographics and emerging trends, such as the adoption of new technologies and business models, including ecommerce, mobile commerce and prepaid services, will also continue to drive growth in electronic payments.

Payment Processing Industry

The payment processing industry is comprised of various processors that create and manage the technology infrastructure that enables electronic payments. Payment processors help merchants and financial institutions develop and offer electronic payment solutions to their customers, facilitate the routing and processing of electronic payment transactions and manage a range of supporting security, value-added and back office services. In addition, many large banks manage and process their card accounts in-house. This is collectively referred to as the payment processing value chain.

Many payment processors specialize in providing services in discrete areas of the payment processing value chain, which can result in merchants and financial institutions using payment processing services from multiple providers. A limited number of payment processors have capabilities or offer services in multiple parts of the payment processing value chain. We provide solutions across the payment processing value chain as a merchant acquirer, payment network, and as an issuer processor, primarily by utilizing our integrated technology platform to enable our clients to easily access a broad range of payment processing services as illustrated below:



The payment processing value chain encompasses three key types of processing:

- *Merchant Acquiring Processing.* Merchant acquiring processors sell electronic payment acceptance, processing and supporting services to merchants and third-party resellers. These processors route transactions originated by consumer transactions with the merchant, including in omni-channel environments that span point-of-sale, ecommerce and mobile devices, to the appropriate payment networks for authorization, known as "front-end" processing, and then ensure that each transaction is appropriately cleared and settled into the merchant's bank account, known as "back-end" processing. Many of these processors also provide specialized reporting, back office support, risk management and other value-added services to merchants. Merchant acquirers charge merchants based on a percentage of the value of each transaction on a per transaction basis. Merchant acquirers pay the payment network processors a routing fee per transaction and pass through interchange fees to the issuing financial institution.

- *Payment Network Processing.* Payment network processors, such as Visa, Mastercard and PIN debit payment networks, sell electronic payment network routing and support services to financial institutions that issue cards and merchant acquirers that provide transaction processing. Depending on their market position and network capabilities, these providers route credit, debit and prepaid card transactions from merchant acquiring processors to the financial institution that issued the card, and they ensure that the financial institution's authorization approvals are routed back to the merchant acquiring processor and that transactions are appropriately settled between the merchant's bank and the card-issuing financial institution. These providers also provide specialized risk management and other value-added services to financial institutions. Payment networks charge merchant acquiring processors and issuing financial institutions routing fees per transaction and monthly or annual maintenance fees and assessments.

- *Issuer Card Processing.* Issuer card processors sell electronic payment issuing, processing and supporting services to financial institutions. These providers authorize transactions received from the payment networks and ensure that each transaction is appropriately cleared and settled from the originating card account. These companies also provide specialized program management, reporting, outsourced customer service, back office support, risk management and other value-added services to financial institutions. Card processors charge issuing financial institutions fees based on the number of transactions processed and the number of cards that are managed.

Emerging Trends and Opportunities in the Payment Processing Industry

The payment processing industry will continue to adopt new technologies, develop new products and services, evolve new business models and experience new market entrants and changes in the regulatory environment. In the near-term, as merchants and financial institutions seek services that help them enhance their own offerings to consumers, including acceptance and issuance of Europay-Mastercard-Visa (EMV) chip-based cards, other security and fraud management services, information services, and support for omni-commerce environments, we believe that payment processors may seek to develop additional capabilities and expand across the payment processing value chain to meet these demands and capture additional data and provide additional value per transaction. To facilitate this expansion and deliver more robust service offerings, we

believe that payment processors will need to develop greater control over and integration of their technology platforms, to enable them to deliver and differentiate their offerings from other providers.

We believe that emerging, alternative electronic payment technologies will be adopted by merchants and other businesses. As a result, non-financial institution enterprises, such as mobile payment providers, internet, retail and social media companies, could become more active participants in the development of these alternative electronic payment technologies and facilitate the convergence of retail, online, mobile and social commerce applications, representing an attractive growth opportunity for the industry. We believe that payment processors that have an integrated business, provide solutions across the payment processing value chain and utilize broad distribution capabilities will be best positioned to provide processing services for emerging alternative electronic payment technologies and to successfully partner with new market entrants.

Competition

Merchant Services

Our competitors include financial institutions and well-established payment processing companies, including Bank of America Merchant Services, Chase Paymentech Solutions, Elavon Inc. (a subsidiary of U.S. Bancorp), First Data Corporation, Global Payments, Inc., Total System Services, Inc. and WorldPay US, Inc. in our Merchant Services segment. Furthermore, we are facing new competitive pressure from non-traditional payments processors and other parties entering the payments industry, such as PayPal, Google, Apple, Alibaba and Amazon, who may compete in one or more of the functions performed in processing merchant transactions. The most significant competitive factors in this segment are price, breadth of features and functionality, data security, system performance and reliability, scalability, service capability and brand.

Financial Institution Services

In our Financial Institution Services segment, competitors include Fidelity National Information Services, Inc., First Data Corporation, Fiserv, Inc., Total System Services, Inc. and Visa Debit Processing Service. In addition to competition with direct competitors, we also compete with the capabilities of many larger potential clients to conduct their key payment processing applications in-house. The most significant competitive factors in this segment are price, system performance and reliability, breadth of services and functionality, data security, scalability, flexibility of infrastructure and servicing capability.

Our Strategy

We plan to grow our business over the course of the next few years, depending on market conditions, by continuing to execute on the following four key strategies:

- Invest in and leverage our integrated business model and technology platform to strengthen and protect our core business;
- Broaden and deepen our distribution channels to grow our merchant and financial institutions client base;
- Differentiate through value-added services that address evolving client demands and provide additional cross-selling opportunities, including security and fraud management, information services, ease of connection and delivery, and support for omni-channel environments; and
- Enter new geographic markets through strategic partnerships or acquisitions that enhance our distribution channels, client base, and service capabilities.

Financial Highlights

Revenue for the year ended December 31, 2016, increased 13% to $3,579.0 million from $3,159.9 million in 2015. Income from operations for the year ended December 31, 2016, increased 31% to $568.5 million from $434.4 million in 2015. Net income for the year ended December 31, 2016, increased 34% to $280.9 million from $209.2 million in 2015. Net income attributable to Vantiv, Inc. for the year ended December 31, 2016, increased 44% to $213.2 million from $147.9 million in 2015.

The following tables provide a summary of the results for our two segments, Merchant Services and Financial Institution Services, for the years ended December 31, 2016, 2015 and 2014.

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Merchant Services			
Total revenue	$ 3,082,951	$ 2,656,906	$ 2,100,367
Network fees and other costs	1,537,072	1,321,312	1,033,801
Net revenue	1,545,879	1,335,594	1,066,566
Sales and marketing	557,942	478,736	367,998
Segment profit	$ 987,937	$ 856,858	$ 698,568
Non-financial data:			
Transactions (in millions)	20,955	18,959	16,262

	Year Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Financial Institution Services			
Total revenue	$ 496,040	$ 503,032	$ 476,836
Network fees and other costs	137,158	156,890	140,864
Net revenue	358,882	346,142	335,972
Sales and marketing	24,309	25,213	28,355
Segment profit	$ 334,573	$ 320,929	$ 307,617
Non-financial data:			
Transactions (in millions)	4,018	4,032	3,815

Refer to “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more details.

Regulation

Various aspects of our business are subject to U.S. federal, state and local regulation. Failure to comply with regulations may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services and/or the imposition of civil and criminal penalties, including fines. Certain of our services are also subject to rules set by various payment networks, such as Visa and Mastercard. Many of these regulations and rules are more fully described below.

Dodd-Frank Act

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was signed into law in the United States. The Dodd-Frank Act has resulted in significant structural and other changes to the regulation of the financial services industry. Among other things, the Dodd-Frank Act established the Consumer Financial Protection Bureau, or CFPB, to regulate consumer financial services, including many offered by our clients.

The Dodd-Frank Act provided two immediately effective, self-executing statutory provisions limiting the ability of payment card networks to impose certain restrictions. The first provision allows merchants to set minimum dollar amounts (not to exceed $10) for the acceptance of a credit card (and allows federal governmental entities and institutions of higher education to set maximum amounts for the acceptance of credit cards). The second provision allows merchants to provide discounts or incentives to entice consumers to pay with cash, checks, debit cards or credit cards, as the merchant prefers.

Separately, the “Durbin Amendment” to the Dodd-Frank Act provided that interchange fees that a card issuer or payment network receives or charges for debit transactions will now be regulated by the Federal Reserve and must be “reasonable and proportional” to the cost incurred by the card issuer in authorizing, clearing and settling the transaction. In addition, the Durbin Amendment contains prohibitions on network exclusivity and merchant routing restrictions.

Banking Regulation

Fifth Third Bank beneficially owns an equity interest representing approximately 17.9% of Vantiv Holding's voting power and equity interests (through their ownership of Vantiv Holding Class B units) and 17.9% of the voting interest in Vantiv, Inc. (through their ownership of our Class B common stock). Fifth Third Bank is an Ohio state-chartered bank and a member of the Federal Reserve System and is supervised and regulated by the Federal Reserve and the Ohio Division of Financial Institutions, or ODFI. Fifth Third Bank is a wholly-owned indirect subsidiary of Fifth Third Bancorp, which is a bank holding company, or BHC, which has elected to be treated as a financial holding company, or FHC, and is supervised and regulated by the Federal Reserve under the Bank Holding Company Act of 1956, as amended, or BHC Act.

We continue to be deemed to be controlled by Fifth Third Bancorp and Fifth Third Bank for bank regulatory purposes and, therefore, remain subject to supervision and regulation by the Federal Reserve under the BHC Act and by the ODFI under applicable federal and state banking laws until Fifth Third Bancorp and Fifth Third Bank are no longer deemed to control us for bank regulatory purposes, which we do not generally have the ability to control and which will generally not occur until Fifth Third Bank has significantly reduced its equity interest in us, as well as certain other factors, including the extent to which we continue to maintain material business relationships with Fifth Third Bancorp and Fifth Third Bank. The ownership level at which the Federal Reserve would consider us no longer controlled by Fifth Third Bank for bank regulatory purposes will generally depend on the circumstances at that time and could be less than 5%. The circumstances and other factors that the Federal Reserve will consider will include, among other things, the extent of our relationships with Fifth Third Bank, including the various agreements entered into at the time of the separation from Fifth Third Bank and the Amended and Restated Vantiv Holding Limited Liability Company Agreement.

Because of the foregoing, in certain circumstances, prior approval of the Federal Reserve or the ODFI may be required before Fifth Third Bancorp, Fifth Third Bank or their subsidiaries for bank regulatory purposes, including us, can engage in permissible business activities. The Federal Reserve has broad powers to approve, deny or refuse to act upon applications or notices for us to conduct new activities, acquire or divest businesses or assets, or reconfigure existing operations. Additionally, it may be difficult for us to engage in activities abroad or invest in a non-U.S. company. We and Fifth Third Bank may seek to engage in offshore activities through various entities and structures, each of which may require prior regulatory approval, the receipt of which cannot be assured and such offshore activities may be subject to continued banking regulation and limitations. The Federal Reserve and the ODFI have substantial discretion in this regard. We will need Fifth Third Bank's cooperation to form and operate any such entity for offshore activities, and the regulatory burdens imposed upon Fifth Third Bank may be too extensive to justify the establishment or continuation of any such entity. If, after such an entity is formed, we or Fifth Third Bank are at any time unable to comply with any applicable regulatory requirements, the Federal Reserve or ODFI may impose additional limitations or restrictions on Fifth Third Bank's or our operations, which could potentially force us to limit the activities of, or dispose of, the entity.

For as long as we are deemed to be controlled by Fifth Third Bancorp and Fifth Third Bank for bank regulatory purposes, we are subject to regulation, supervision, examination and potential enforcement action by the Federal Reserve and the ODFI and to certain banking laws, regulations and orders. Fifth Third Bancorp and Fifth Third Bank are required to file reports with the Federal Reserve and the ODFI on our behalf, and we are subject to examination by the Federal Reserve and the ODFI for the purposes of determining, among other things, our financial condition, the adequacy of our risk management and the financial and operational risks that we pose to the safety and soundness of Fifth Third Bank and Fifth Third Bancorp, and our compliance with federal and state banking laws applicable to us and our relationship and transactions with Fifth Third Bancorp and Fifth Third Bank. The Federal Reserve has broad authority to take enforcement actions against us if it determines that we are engaged in, have engaged in or are about to engage in unsafe or unsound banking practices or are violating, have violated or are about to violate a law, rule or regulation, or a condition imposed by or an agreement with the Federal Reserve, and any enforcement actions taken against Fifth Third Bancorp or Fifth Third Bank may result in regulatory actions being applied to us or our activities in certain circumstances, even if the enforcement actions are unrelated to our conduct or business. For the most serious violations under federal banking laws, the Federal Reserve may impose civil money penalties and criminal penalties and/or require the removal of officers from their positions in institutions regulated thereby.

As a condition to Fifth Third Bank's investment in us, we are required under the Amended and Restated Vantiv Holding Limited Liability Company Agreement to limit our activities to those activities permissible for a national bank. Accordingly, under the Amended and Restated Vantiv Holding Limited Liability Company Agreement: (i) we are required to notify Fifth Third Bank before we engage in any activity, by acquisition, investment, organic growth or otherwise, that may reasonably require Fifth Third Bank or an affiliate of Fifth Third Bank to obtain regulatory approval, so that Fifth Third Bank can determine whether the new activity is permissible, permissible subject to regulatory approval or impermissible; and (ii) if a change in the scope of our business activities causes the ownership of our equity not to be legally permissible for Fifth Third

Bank without first obtaining regulatory approvals, then we must use reasonable best efforts to assist Fifth Third Bank in obtaining the regulatory approvals, and if the change in the scope of our business activities is impermissible for Fifth Third Bank, then we will not engage in such activity.

We are subject to regulation and enforcement by the CFPB, created by the Dodd-Frank Act, because we are an affiliate of Fifth Third Bank for bank regulatory purposes and because we are a service provider to insured depository institutions with assets of $10 billion or more in connection with their consumer financial products and to entities that are larger participants in markets for consumer financial products and services such as prepaid cards. CFPB rules, examinations and enforcement actions may require us to adjust our activities and may increase our compliance costs. In addition to rulemaking authority over several enumerated federal consumer financial protection laws, the CFPB is authorized to issue rules prohibiting unfair, deceptive or abusive acts or practices by persons offering consumer financial products or services and those, such as us, who are service providers to such persons, and has authority to enforce these consumer financial protection laws and CFPB rules.

Collection Services State Licensing

Ancillary to our credit card processing business, we are subject to the Fair Debt Collection Practices Act and various similar state laws. We are authorized in 19 states to engage in debt administration and debt collection activities on behalf of some of our card issuing financial institution clients through calls and letters to the debtors in those states. We may seek licenses in other states to engage in similar activities in the future.

Association and Network Rules

While not legal or governmental regulation, we are subject to the network rules of Visa, Mastercard and other payment networks. The payment networks routinely update and modify their requirements. On occasion, we have received notices of non-compliance and fines, which have typically related to excessive chargebacks by a merchant or data security failures. Our failure to comply with the networks' requirements or to pay the fines they impose could cause the termination of our registration and require us to stop providing payment processing services.

Privacy and Information Security Regulations

We provide services that may be subject to privacy laws and regulations of a variety of jurisdictions. Relevant federal privacy laws include the Gramm-Leach-Bliley Act of 1999, which applies directly to a broad range of financial institutions and indirectly, or in some instances directly, to companies that provide services to financial institutions. These laws and regulations restrict the collection, processing, storage, use and disclosure of personal information, require notice to individuals of privacy practices and provide individuals with certain rights to prevent the use and disclosure of protected information. These laws also impose requirements for safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. In addition, there are state laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers. Certain state laws impose similar privacy obligations as well as obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and consumer reporting agencies and businesses and governmental agencies that own data.

Processing and Back-Office Services

As a provider of electronic data processing and back-office services to financial institutions we are also subject to regular oversight and examination by the Federal Financial Institutions Examination Council (FFIEC), an interagency body of the FDIC, the Office of the Comptroller of the Currency, the Federal Reserve, the National Credit Union Administration and the CFPB. In addition, independent auditors annually review several of our operations to provide reports on internal controls for our clients' auditors and regulators. We are also subject to review under state laws and rules that regulate many of the same activities that are described above, including electronic data processing and back-office services for financial institutions and use of consumer information.

Anti-Money Laundering and Counter Terrorist Regulation

Our business is subject to U.S. federal anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, which we refer to collectively as the BSA. The BSA, among other things, requires money services businesses to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity and maintain transaction records.

We are also subject to certain economic and trade sanctions programs that are administered by the Treasury Department's Office of Foreign Assets Control, or OFAC, that prohibit or restrict transactions to or from or dealings with specified countries, their governments and, in certain circumstances, their nationals, narcotics traffickers, and terrorists or terrorist organizations, as well as similar anti-money laundering, counter terrorist financing and proceeds of crime laws applicable to movements of currency and payments through electronic transactions and to dealings with certain specified persons.

We continually develop new compliance programs and enhance existing ones to monitor and address legal and regulatory requirements and developments.

Federal Trade Commission Act and Other Laws Impacting Our and our Customers' Business

All persons engaged in commerce, including, but not limited to, us and our merchant and financial institution customers are subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices, or UDAP. In addition, there are other laws, rules and or regulations, including the Telemarketing Sales Act and the Unlawful Internet Gambling Enforcement Act of 2006, that may directly impact the activities of our merchant customers and in some cases may subject us, as the merchant's payment processor, to litigation, investigations, fees, fines and disgorgement of funds in the event we are deemed to have aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal activities of the merchant through our payment processing services. Various federal and state regulatory enforcement agencies including the Federal Trade Commission, or FTC, and the states' attorneys general have authority to take action against nonbanks that engage in UDAP or violate other laws, rules and regulations.

Prepaid Services

Prepaid card programs managed by us are subject to various federal and state laws and regulations, which may include laws and regulations related to consumer and data protection, licensing, consumer disclosures, escheat, anti-money laundering, banking, trade practices and competition and wage and employment. For example, most states require entities engaged in money transmission in connection with the sale of prepaid cards to be licensed as a money transmitter with, and subject to examination by, that jurisdiction's banking department. In the future, we may have to obtain state licenses to expand our distribution network for prepaid cards, which licenses we may not be able to obtain. Furthermore, the Credit Card Accountability Responsibility and Disclosure Act of 2009 and the Federal Reserve's Regulation E impose requirements on general-use prepaid cards, store gift cards and electronic gift certificates. These laws and regulations are sometimes inconsistent and subject to judicial and regulatory challenge and interpretation, and therefore the extent to which these laws and rules have application to, and their impact on, us, financial institutions, merchants or others could change. Prepaid services may also be subject to the rules and regulations of Visa, Mastercard and other payment networks with which we and the card issuers do business. The programs in place to process these products generally may be modified by the payment networks in their discretion and such modifications could also impact us, financial institutions, merchants and others.

We are also registered with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, or FinCEN, as a "money services business-provider of prepaid access."

Other

We are subject to the Housing Assistance Tax Act of 2008, which requires information returns to be made for each calendar year by merchant acquiring entities. In addition, we are subject to U.S. federal and state unclaimed or abandoned property (escheat) laws in the United States which require us to turn over to certain government authorities the property of others we hold that has been unclaimed for a specified period of time such as account balances that are due to a merchant following discontinuation of its relationship with us.

The foregoing list of laws and regulations to which we are subject is not exhaustive, and the regulatory framework governing our operations changes continuously. The enactment of new laws and regulations may increasingly affect the operation of our business, directly and indirectly, which could result in substantial regulatory compliance costs, litigation expense, adverse publicity, the loss of revenue and decreased profitability.

Intellectual Property

We rely on a combination of intellectual property laws, confidentiality procedures and contractual provisions to protect our proprietary technology and our brand. We have registered, and applied for the registration of, U.S. and international trademarks, service marks, and domain names. Additionally, we own U.S. patents and have filed U.S. patent applications

covering certain of our proprietary technology relating to payment solutions, transaction processing and other matters. Over time, we have assembled and continue to assemble a portfolio of patents, trademarks, service marks, copyrights, domain names and trade secrets covering our products and services. Intellectual property is a component of our ability to be a leading payment services provider and any significant impairment of, or third-party claim against, our intellectual property rights could harm our business or our ability to compete.

Employees

As of December 31, 2016, we had 3,526 employees. As of December 31, 2016, this included 903 Merchant Services employees, 89 Financial Institution Services employees, 897 IT employees, 1,073 Operations employees, and 564 general and administrative employees. None of our employees are represented by a collective bargaining agreement. We believe that relations with our employees are good.

Corporate Information

We are a Delaware corporation incorporated on March 25, 2009. We completed our initial public offering in March 2012 and our Class A common stock is listed on the New York Stock Exchange under the symbol "VNTV." Our principal executive offices are located at 8500 Governor's Hill Drive, Symmes Township, Ohio 45249, and our telephone number is (513) 900-4811. Our website address is www.vantiv.com.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934 and file or furnish reports, proxy statements, and other information with the U.S. Securities and Exchange Commission, or SEC. You can read our SEC filings over the Internet at the SEC's website at www.sec.gov. Our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, also are available free of charge on the investors section of our website at http://investors.vantiv.com when such reports are available on the SEC's website. Further corporate governance information, including our certificate of incorporation, bylaws, governance guidelines, board committee charters, and code of business conduct and ethics, is also available on the investors section of our website.

You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, NE, Room 1580, Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section at the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. The contents of the websites referred to above are not incorporated into this filing or in any other report or document we file with the SEC, and any references to these websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Our business is subject to numerous risks. You should carefully consider the following risk factors and all other information contained in this Annual Report on Form 10-K and in our other filings with the SEC. Any of these risks could adversely affect our business, results of operations, financial condition and prospects.

Risks Related to Our Business

If we cannot keep pace with rapid developments, changes and consolidation occurring in our industry and provide new services to our clients, the use of our services could decline, reducing our revenues.

The electronic payments market in which we operate is characterized by rapid technological change, new product and service introductions, including ecommerce services, mobile payment applications, and prepaid services, evolving industry standards, changing customer and consumer needs, the entrance of non-traditional competitors and periods of increased consolidation. In order to remain competitive in this rapidly evolving market, we are continually involved in a number of projects to develop new and innovative services. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of market acceptance of new or innovated services. Any delay in the delivery of new services or the failure to differentiate our services or to accurately predict and address market demand could render our services less desirable, or even obsolete, to our clients.

In addition, the new or innovated services we develop are designed to process very complex transactions and provide information on those transactions, all at very high volumes and processing speeds. Any failure to deliver reliable, effective and secure services that meet the expectations of our clients could result in increased costs and/or a loss in business and revenues that could reduce our earnings. If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost effective basis, our business, financial condition and results of operations would be materially adversely affected.

The payment processing industry is highly competitive, and we compete with certain firms that are larger and that have greater financial resources. Such competition could adversely affect the transaction and other fees we receive from merchants and financial institutions, and as a result, our margins, business, financial condition and results of operations.

Our competitors include financial institutions and well-established payment processing companies, including Bank of America Merchant Services, Chase Paymentech Solutions, Elavon Inc. (a subsidiary of U.S. Bancorp), First Data Corporation, Global Payments, Inc., Total System Services, Inc. and WorldPay US, Inc. in our Merchant Services segment, and Fidelity National Information Services, Inc., First Data Corporation, Fiserv, Inc., Total System Services, Inc. and Visa Debit Processing Service in our Financial Institution Services segment. With respect to our Financial Institutions Services segment, in addition to competition with direct competitors, we also compete with the capabilities of many larger potential clients to conduct their key payment processing applications in-house.

Many of our competitors also have substantially greater financial, technological and marketing resources than we have. In addition, our competitors that are financial institutions or are affiliated with financial institutions may not incur the sponsorship costs we incur for registration with the payment networks. Accordingly, these competitors may be able to offer more attractive fees to our current and prospective clients or other services that we do not provide. Competition could result in a loss of existing clients, and greater difficulty attracting new clients. Furthermore, if competition causes us to reduce the fees we charge in order to attract or retain clients, there is no assurance we can successfully control our costs in order to maintain our profit margins. One or more of these factors could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we are facing new competitive pressure from non-traditional payments processors and other parties entering the payments industry, such as PayPal, Google, Apple, Alibaba and Amazon, who may compete in one or more of the functions performed in processing merchant transactions. These companies have significant financial resources and robust networks and are highly regarded by consumers. If these companies gain a greater share of total electronic payments transactions or if we are unable to successfully react to changes in the industry spurred by the entry of these new market participants, it could have a material adverse effect on our business, financial condition and results of operations.

Unauthorized disclosure of data, whether through cybersecurity breaches, computer viruses or otherwise, could expose us to liability, protracted and costly litigation and damage our reputation.

We have responsibility for certain third parties, including merchants, ISOs, third party service providers and other agents, which we refer to collectively as associated participants, under Visa, Mastercard and other payment network rules and regulations. We and certain of our associated participants process, store and/or transmit sensitive data, such as names, addresses, social security numbers, credit or debit card numbers, driver's license numbers and bank account numbers, and we have ultimate liability to the payment networks and member financial institutions that register us with Visa, Mastercard and other payment networks for our failure or the failure of our associated participants to protect this data in accordance with payment network requirements. The loss of merchant or cardholder data by us or our associated participants could result in significant fines and sanctions by the payment networks or governmental bodies. A significant cybersecurity breach could also result in payment networks prohibiting us from processing transactions on their networks or the loss of our financial institution sponsorship that facilitates our participation in the payment networks, which would have a material adverse effect on our business, financial condition and results of operations.

These concerns about security are increased when we transmit information over the Internet. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and are often difficult to detect. We and our associated participants have been in the past and could be in the future, subject to breaches of security by hackers. In such circumstances, our encryption of data and other protective measures have not prevented and may not prevent unauthorized access service disruption or system sabotage. Although we have not incurred material losses or liabilities as a result of security breaches we or our associated participants have experienced, any future breach of our system or an associated participant could be material and harm our reputation, deter clients and potential clients from using our services, increase our operating expenses, expose us to uninsured losses or other liabilities, increase our risk of regulatory scrutiny, subject us to lawsuits, result in material penalties and fines under state and federal laws or by the payment networks, and adversely affect our continued payment network registration and financial institution sponsorship.

We cannot assure you that our arrangements with associated participants will prevent the unauthorized use or disclosure of data or that we would be reimbursed by associated participants in the event of unauthorized use or disclosure of data. Any such unauthorized use or disclosure of data could result in protracted and costly litigation, which could have a material adverse effect on our business, financial condition and results of operations.

Our systems and our third party providers' systems may fail due to factors beyond our control, which could interrupt our service, cause us to lose business and increase our costs.

We depend on the efficient and uninterrupted operation of numerous systems, including our computer systems, software, data centers and telecommunications networks, as well as the systems of third parties, in order to provide services to our clients. Our systems and operations and those of our third party providers, could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, security breach, computer viruses, defects and development delays. Our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur. Defects in our systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in loss of revenues and clients, reputational harm, additional operating expenses in order to remediate the failures, fines imposed by payment networks and exposure to other losses or other liabilities.

We may not be able to continue to expand our share of the existing payment processing markets or expand into new markets which would inhibit our ability to grow and increase our profitability.

Our future growth and profitability depend upon the growth of the markets in which we currently operate and our ability to increase our penetration and service offerings within these markets, as well as the emergence of new markets for our services and our ability to penetrate these new markets. It is difficult to attract new clients because of potential disadvantages associated with switching payment processing vendors, such as transition costs, business disruption and loss of accustomed functionality. We seek to overcome these factors by making investments to enhance the functionality of our software and differentiate our services. However, there can be no assurance that our efforts will be successful, and this resistance may adversely affect our growth.

Our expansion into new markets is also dependent upon our ability to adapt our existing technology and offerings or to develop new or innovative applications to meet the particular service needs of each new market. In order to do so, we will need to anticipate and react to market changes and devote appropriate financial and technical resources to our development efforts, and there can be no assurance that we will be successful in these efforts.

Furthermore, in response to market developments, we may expand into new geographical markets and foreign countries in which we do not currently have any operating experience. We cannot assure you that we will be able to successfully expand in such markets or internationally due to our lack of experience and the multitude of risks associated with global operations or lack of appropriate regulatory approval.

Any acquisitions, partnerships or joint ventures that we make could disrupt our business and harm our financial condition.

Acquisitions, partnerships and joint ventures are part of our growth strategy. We evaluate, and expect in the future to evaluate potential strategic acquisitions of, and partnerships or joint ventures with, complementary businesses, services or technologies. However, we may not be able to successfully identify suitable acquisition, partnership or joint venture candidates in the future. In addition, for purposes of the Bank Holding Company Act of 1956, as amended, or the BHC Act, we are deemed to be a subsidiary of Fifth Third Bank. For so long as we continue to be considered a subsidiary of a bank, we may only engage in activities that are permissible for the bank to engage in directly. These activities and restrictions may limit our ability to acquire other businesses, enter into other strategic transactions or expand into foreign countries.

If we do enter into acquisitions, partnerships and joint ventures, they may not provide us with the benefits we anticipate. We may not be able to successfully integrate any businesses, services or technologies that we acquire or with which we form a partnership or joint venture, or comply with applicable regulatory requirements. Furthermore, the integration of any acquisition, including our recent acquisitions, may divert management's time and resources from our core business and disrupt our operations. Certain partnerships and joint ventures we make may also prevent us from competing for certain clients or in certain lines of business. To the extent we pay the purchase price of any acquisition in cash, it would reduce our cash reserves, and to the extent the purchase price is paid with our stock, it could be dilutive to our stockholders. To the extent we pay the purchase price with proceeds from the incurrence of debt, it would increase our already high level of indebtedness and could negatively affect our liquidity and restrict our operations.

If we fail to comply with the applicable requirements of the Visa, Mastercard or other payment networks, those payment networks could seek to fine us, suspend us or terminate our registrations through our financial institution sponsors. Fines could have a material adverse effect on our business, financial condition or results of operations, and if these registrations are terminated, we may not be able to conduct our business.

In order to provide our transaction processing services, we are registered through our bank sponsorships with the Visa, Mastercard and other payment networks as service providers for member institutions. We and many of our clients are subject to payment network rules. If we or our associated participants do not comply with the payment network requirements, the payment networks could seek to fine us, suspend us or terminate our registrations. We have occasionally received notices of noncompliance and fines, which have typically related to excessive chargebacks by a merchant or data security failures on the part of a merchant. If we are unable to recover fines from or pass through costs to our merchants or other associated participants, we would experience a financial loss. The termination of our registration, or any changes in the payment network rules that would impair our registration, could require us to stop providing payment network services to the Visa, Mastercard or other payment networks, which would have a material adverse effect on our business, financial condition and results of operations.

Changes in payment network rules or standards could adversely affect our business, financial condition and results of operations.

Payment network rules are established and changed from time to time by each payment network as they may determine in their sole discretion and with or without advance notice to their participants. In some cases, payment networks compete with us, and their ability to modify and enhance their rules in their sole discretion may provide them an advantage in selling or developing their own services that may compete directly or indirectly with our services. Any changes in payment network rules or standards or the way they are implemented could increase our cost of doing business or limit our ability to provide transaction processing services to or through our clients and have a material adverse effect on our business, financial condition and results of operations.

If we cannot pass along to our merchants increases in interchange and other fees from payment networks, our operating margins would be reduced.

We pay interchange, assessment, transaction and other fees set by the payment networks to the card issuing financial institution and the payment networks for each transaction we process. From time to time, the payment networks increase the interchange fees and other fees that they charge payment processors and the financial institution sponsors. At their sole discretion, our financial institution sponsors have the right to pass any increases in interchange and other fees on to us and they have consistently done so in the past. We are generally permitted under the contracts into which we enter, and in the past we have been able to, pass these fee increases along to our merchants through corresponding increases in our processing fees. However, if we are unable to pass through these and other fees in the future, it could have a material adverse effect on our business, financial condition and results of operations.

If our agreements with financial institution sponsors and clearing service providers to process electronic payment transactions are terminated or otherwise expire and we are unable to renew existing or secure new sponsors or clearing service providers, we will not be able to conduct our business.

The Visa, Mastercard and other payment network rules require us to be sponsored by a member bank in order to process electronic payment transactions. Because we are not a bank, we are unable to directly access these payment networks. We are currently registered with the Visa, Mastercard and other payment networks through Fifth Third Bank and other sponsor banks. Our current agreement with Fifth Third Bank expires in December 2024. These agreements with Fifth Third Bank and other sponsors give them substantial discretion in approving certain aspects of our business practices, including our solicitation, application and qualification procedures for merchants and the terms of our agreements with merchants. Our financial institution sponsors' discretionary actions under these agreements could have a material adverse effect on our business, financial condition and results of operations. We also rely on Fifth Third Bank and various other financial institutions to provide clearing services in connection with our settlement activities. Without these sponsorships or clearing services agreements, we would not be able to process Visa, Mastercard and other payment network transactions or settle transactions which would have a material adverse effect on our business, financial condition and results of operations. Furthermore, our financial results could be adversely affected if our costs associated with such sponsorships or clearing services agreements increase.

Increased merchant, financial institution or referral partner attrition and decreased transaction volume could cause our revenues to decline.

We experience attrition and declines in merchant and financial institution credit, debit or prepaid card processing volume resulting from several factors, including business closures, consolidations, loss of accounts to competitors, account closures that we initiate due to heightened credit risks, and reductions in our merchants' sales volumes. Our referral partners, many of which are not exclusive, such as merchant banks, ISVs, VARs, payment facilitators, ISOs and trade associations are strong contributors to our revenue growth in our Merchant Services segment. If an ISO or referral partner switches to another transaction processor, shuts down or becomes insolvent, we will no longer receive new merchant referrals from the ISO or referral partner, and we risk losing existing merchants that were originally enrolled by the ISO or referral partner. We cannot predict the level of attrition and decreased transaction volume in the future and our revenues could decline as a result of higher than expected attrition, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to economic and political risk, the business cycles and credit risk of our clients and the overall level of consumer, business and government spending, which could negatively impact our business, financial condition and results of operations.

The electronic payments industry depends heavily on the overall level of consumer, business and government spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. A sustained deterioration in general economic conditions, particularly in the United States, or increases in interest rates may adversely affect our revenues by reducing the number or average purchase amount of transactions made using electronic payments that we process. Furthermore, if economic conditions cause credit card issuers to tighten credit requirements, the negative effects on the use of electronic payments could be exacerbated. Since we have a certain amount of fixed and semi-fixed costs, including rent, debt service, processing contractual minimums and salaries, our ability to quickly adjust costs and respond to changes in our business and the economy is limited. As a result, changes in economic conditions could adversely impact our future revenues and profits.

In addition, a sustained deterioration in economic conditions could affect our merchants through a higher rate of closures or bankruptcies, resulting in lower revenues and earnings for us. In addition, our merchants and other associated participants are liable for any charges properly reversed by the card issuer on behalf of the cardholder and for any fines or penalties that may be assessed by payment networks. In the event that we are not able to collect such amounts from the associated participants, due to closure, insolvency or other reasons, we may be liable for any such charges.

Fraud by merchants or others could have a material adverse effect on our business, financial condition and results of operations.

We face potential liability for fraudulent electronic payment transactions initiated by merchants or other associated participants. Examples of merchant fraud include when a merchant or other party knowingly accepts payment by a stolen or counterfeit credit, debit or prepaid card, card number or other credentials records a false sales transaction utilizing a stolen or counterfeit card or credentials, processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. In the event a dispute between a cardholder and a merchant is not resolved in favor of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. Failure to effectively manage risk and prevent fraud would increase our chargeback liability or other liability. In addition, beginning October 2015, merchants that cannot process EMV chip-based cards are held financially responsible for certain fraudulent transactions conducted using such cards. This will likely increase the amount of risk for merchants who are not yet EMV-compliant and could result in us having to seek increased chargebacks from such merchants. Increases in chargebacks or other liability could have a material adverse effect on our business, financial condition and results of operations.

A decline in the use of credit, debit or prepaid cards as a payment mechanism for consumers or adverse developments with respect to the payment processing industry in general could have a materially adverse effect on our business, financial condition and results of operations.

If consumers do not continue to use credit, debit or prepaid cards as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, alternative currencies and technologies, credit, debit and prepaid cards, or the corresponding methodologies used for each, which is adverse to us, it could have a materially adverse effect on our business, financial condition and results of operations. Moreover, if there is an adverse development in the payments industry in general, such as new legislation or regulation that makes it more difficult for our clients to do business, our business, financial condition and results of operations may be adversely affected.

If Fifth Third Bank fails or is acquired by a third party, it could place certain of our material contracts at risk, decrease our revenue, and transfer the ultimate voting power of Fifth Third Bank's stock ownership in us (including any shares of Class A common stock that may be issued in exchange for Fifth Third Bank's units in Vantiv Holding) to a third party.

Fifth Third Bank accounted for approximately 2% and 3% of our revenue during the years ended December 31, 2016 and 2015, respectively, and is the provider of the services under our Clearing, Settlement and Sponsorship Agreement, Referral Agreement and Master Services Agreement. If Fifth Third Bank were to be placed into receivership or conservatorship, it could jeopardize our ability to generate revenue and conduct our business.

If Fifth Third Bank were to be acquired by a third party, it could affect certain of our contractual arrangements with them. For instance, in the event of a change of control or merger of Fifth Third Bank, our Clearing, Settlement and Sponsorship Agreement and our Referral Agreement provide that Fifth Third Bank may assign the contract to an affiliate or successor, in which case we would not have the right to terminate the contract regardless of such assignee's ability to perform such services. Our Master Services Agreement provides that Fifth Third Bank would be in default under the agreement upon a change of control, in which case we would have the right to terminate the agreement effective upon 60 days' notice to Fifth Third Bank unless the surviving entity assumes Fifth Third Bank's obligation and the level of fees paid to us pursuant to the Master Services Agreement remains equal or greater than fees paid to us prior to the change of control. In addition, the acquiring company may choose to terminate the terms of such contracts, requiring us to litigate if we believe such termination is not pursuant to contract terms, and find alternative clients, counterparties or sponsorships. The added expense of litigation and the inability to find suitable substitute clients or counterparties in a timely manner would have a material adverse effect on our business, financial condition and results of operations. Furthermore, such an acquisition would place in the hands of the acquiring third party the voting power of Fifth Third Bank's stock ownership in Vantiv, Inc. (including any shares of Class A common stock that may be issued in exchange for Fifth Third Bank's units in Vantiv Holding). We may not have a historical relationship with the acquiring party, and the acquiring party may be a competitor of ours or provide many of the same services that we provide. The acquiring party may vote its shares of our common stock or units in a manner adverse to us and our other stockholders.

Our risk management framework may not be fully effective in mitigating our risk exposure against all types of risks.

Our risk management framework seeks to mitigate risk and loss to us. We have established processes and procedures intended to identify, measure, monitor, manage and report our risks. However, as with any risk management framework, there are inherent limitations to our risk management strategies such that there could be risks that we cannot anticipate or identify. If our risk management framework were to become ineffective, we could experience unexpected losses that could have a material adverse effect on our business, financial condition or results of operations.

We are subject to extensive government regulation, and any new laws and regulations, industry standards or revisions made to or interpretations of existing laws, regulations, or industry standards affecting the electronic payments industry and other industries in which we operate may have an unfavorable impact on our business, financial condition and results of operations.

Our business is impacted by numerous laws, regulations and examinations that affect us and our industry, many of which are discussed under "Item 1. Business - Regulation." In addition, the number of new and proposed regulations has increased significantly in recent years, particularly pertaining to interchange fees on credit and debit card transactions, which are paid to the card issuing financial institution. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, significantly changed the payment processing industry by restricting amounts of debit card fees that certain issuing financial institutions can charge merchants and allowing merchants to set minimum dollar amounts for the acceptance of credit cards and offer discounts for different payment methods. These and other regulatory changes on our business and industry could negatively affect our business in a variety of ways including the number of debit transactions, and prices charged per transaction.

In the future, due to applicable law and regulation, we may have to obtain state licenses to expand our distribution network for prepaid cards. If we fail or are unable to comply with these requirements, our clients (or in certain instances, we) could be subject to the imposition of fines, other penalties or enforcement-related actions which may impact our ability to offer our credit issuer processing services, prepaid or other related services and could have a material adverse effect on our business, financial condition and results of operations. Because our business is highly regulated, it is very important to our business that our operations, policies and procedures comply with applicable laws, regulations and related requirements. Our failure to comply with applicable laws and regulations or adapt to changes in applicable laws and regulations, or a material increase in our compliance and other costs as a result of regulatory changes, could adversely affect our business, financial condition and results of operations. In addition, any failure to comply with laws and regulations, even if inadvertent, as well as rapidly evolving social expectations of corporate fairness, could damage our business or our reputation.

Governmental regulations designed to protect or limit access to consumer information could adversely affect our ability to effectively provide our services to merchants.

Governmental bodies in the United States and abroad have adopted, or are considering the adoption of, laws and regulations restricting the transfer of, and requiring safeguarding of, non-public personal information. For example, in the United States, all financial institutions must undertake certain steps to ensure the privacy and security of consumer financial information. Although we have limited our use of consumer information solely to providing services to other businesses and financial institutions, we are required by regulations and contracts with our merchants and financial institution clients to provide assurances regarding the confidentiality and security of non-public consumer information. These contracts require periodic audits by independent companies regarding our compliance with industry standards and also allow for similar audits regarding best practices established by regulatory guidelines. The compliance standards relate to our infrastructure, components and operational procedures designed to safeguard the confidentiality and security of non-public consumer personal information shared by our clients with us. Our ability to maintain compliance with these standards and satisfy these audits will affect our ability to attract and maintain business in the future. If we fail to comply with these regulations or requirements, we could be exposed to suits for breach of contract or to governmental proceedings. In addition, our client relationships and reputation could be harmed, and we could be inhibited in our ability to obtain new clients. If more restrictive privacy laws or rules are adopted by authorities in the future on the federal or state level, our compliance costs may increase, our opportunities for growth may be curtailed by our compliance capabilities or reputational harm and our potential liability for security breaches may increase, all of which could have a material adverse effect on our business, financial condition and results of operations.

For purposes of federal and state banking laws, we are deemed to be controlled by Fifth Third Bank and Fifth Third Bancorp, and as such we are subject to supervision and examination by federal and state banking regulators, and our activities are limited to those permissible for Fifth Third Bank and Fifth Third Bancorp. We may therefore be restricted from engaging in new activities or businesses, whether organically or by acquisition. We are also subject to supervision and examination by the Federal Consumer Financial Protection Bureau.

As of December 31, 2016, Fifth Third Bank owned an equity interest representing approximately 17.9% of the voting and economic equity interest of Vantiv Holding and 17.9% of the voting interest in Vantiv, Inc.

We and Vantiv Holding historically have been, and are currently, deemed to be controlled by Fifth Third Bancorp and Fifth Third Bank and are therefore considered to be a subsidiary of Fifth Third Bank for purposes of relevant federal and state banking laws. We are therefore subject to regulation and supervision by the Federal Reserve and the Ohio Division of Financial Institutions, or the ODFI. We will remain subject to regulation and examination until Fifth Third Bancorp and Fifth Third Bank are no longer deemed to control us for bank regulatory purposes.

For as long as we are deemed to be controlled by Fifth Third Bancorp and Fifth Third Bank for bank regulatory purposes, we are subject to regulation, supervision, examination and potential enforcement action by the Federal Reserve and the ODFI and to most banking laws, regulations and orders that apply to Fifth Third Bancorp and Fifth Third Bank, including restrictions or approval requirements for certain activities or investments abroad. Any restrictions placed on Fifth Third Bancorp or Fifth Third Bank as a result of any supervisory actions may also restrict us or our activities in certain circumstances, even if these actions are unrelated to our conduct or business. Further, as long as we are deemed to be controlled by Fifth Third Bank, our activities are limited to those that are permissible for Fifth Third Bank to engage in, which include activities that are part of, or incidental to, the business of banking. Accordingly, we are subject to a covenant in the Amended and Restated Vantiv Holding Limited Liability Company Agreement that is intended to facilitate compliance by Fifth Third Bank with relevant federal and state banking laws.

In addition, new activities that we may wish to commence in the future may not be permissible for us under relevant federal or state banking laws, or may require prior regulatory approvals. More generally, the Federal Reserve has broad powers to approve, deny or refuse to act upon applications or notices for us to conduct new activities, acquire or divest businesses or assets, or reconfigure existing operations.

Because of the foregoing limitations, and in particular, Fifth Third Bank’s interest in us, it may be difficult for us to engage in activities abroad or invest in a non-U.S. company. We and Fifth Third Bank may seek to engage in offshore acquisitions and activities through various regulatory structures and entities, each of which will generally require prior regulatory approval. The Federal Reserve and the ODFI would therefore have substantial discretion as to whether any such regulatory structures or entities could be utilized, whether we would be permitted to operate or invest in a non-U.S. company, and under what conditions such structures or entities could operate.

We are subject to regulation and enforcement by the CFPB because we are an affiliate of Fifth Third Bank for bank regulatory purposes and because we are a service provider to insured depository institutions with assets of $10 billion or more in connection with their consumer financial products and to entities that are larger participants in markets for consumer financial products and services such as prepaid cards. CFPB rules and examinations may require us to adjust our activities and may increase our compliance costs, which could have an adverse effect on our business, financial condition and results of operations.

Changes in tax laws or their interpretations, or becoming subject to additional international, U.S., state or local taxes that cannot be passed through to our merchants, could reduce our net income.

We are subject to tax laws in each jurisdiction where we do business. Changes in tax laws or their interpretations could decrease the amount of revenues we receive, the value of any tax loss carryforwards and tax credits recorded on our balance sheet and the amount of our cash flow, and have a material adverse impact on our business, financial condition and results of operations. Furthermore, companies in the electronic payments industry, including us, may become subject to incremental taxation in various tax jurisdictions. Taxing jurisdictions have not yet adopted uniform positions on this topic. If we are required to pay additional taxes and are unable to pass the tax expense through to our merchants, our costs would increase and our net income would be reduced.

The costs and effects of pending and future litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect our business, financial position and results of operations.

We are involved in various litigation matters and from time to time may be involved in governmental or regulatory investigations or similar matters arising out of our current or future business. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Furthermore, there is no guarantee that we will be successful in defending ourselves in pending or future litigation or similar matters under various laws. Should the ultimate judgments or settlements in any pending litigation or future litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully manage our intellectual property and may be subject to infringement claims.

Third parties may challenge, invalidate, circumvent, infringe or misappropriate our intellectual property, or such intellectual property may not provide us any competitive advantages, which could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. Our competitors could also independently develop similar technology, duplicate our services or design around our intellectual property. We may be forced to litigate to enforce or determine the scope and enforceability of our intellectual property rights, trade secrets and know-how, which is expensive, could cause a diversion of resources and may not prove successful. Also, we may not be able to obtain or continue to obtain licenses and technologies from third parties on reasonable terms or at all. The loss of intellectual property protection or the inability to obtain third party intellectual property could harm our business and ability to compete.

We may also be subject to costly litigation in the event our services and technology infringe upon or otherwise violate a third party's proprietary rights, or if a third party claims we have breached their copyright, trademark, license usage or other intellectual property rights. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims. Additionally, we could be required to defend against individuals and groups who have been purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Claims of intellectual property infringement also might require us to pay costly settlement or damage awards, or prevent us from marketing or selling certain of our services. If we cannot redesign affected services or license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted.

Finally, we could be subject to suits by parties claiming ownership of what we believe to be open source software, which we use in connection with our technology and services. Despite our efforts to prevent it from occurring, we could be required to by some of our open source software licenses to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our proprietary source code could be harmful to our business, financial condition and results of operations.

If we lose key personnel or are unable to attract, recruit, retain and develop qualified employees, our business, financial condition and results of operations may be adversely affected.

We are dependent upon the ability and experience of a number of our key personnel who have substantial experience with our operations, the rapidly changing payment processing industry and the selected markets in which we offer our services. The loss of the services of one or a combination of our senior executives or key managers, including Charles D. Drucker, our chief executive officer, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, in order for us to successfully compete and grow, we must attract, recruit, retain and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. We have hired significant numbers of new personnel in recent years and must continue to hire additional personnel to execute our strategic plans. However, the market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations.

Our operating results are subject to seasonality, which could result in fluctuations in our quarterly net income.

We have experienced in the past, and expect to continue to experience, seasonal fluctuations in our revenues as a result of consumer spending patterns. Historically our revenues have been strongest in our fourth quarter, and weakest in our first quarter. This is due to the increase in the number and amount of electronic payment transactions related to seasonal retail events.

We may need to raise additional funds to finance our future capital needs, which may prevent us from growing our business.

We may need to raise additional funds to finance our future capital needs, including developing new services and technologies, and to fund ongoing operating expenses. We also may need additional financing earlier than we anticipate if we, among other things:

- are required to pay significant settlements or fines;
- repurchase our common stock; or
- finance Vantiv, Inc.'s purchase of Class B units of Vantiv Holding from Fifth Third Bank upon the exercise of its right to put its Class B units of Vantiv Holding to Vantiv, Inc. in exchange for cash to the extent that we decide to purchase rather than exchange such units for Class A common stock.

If we raise additional funds through the sale of equity securities, these transactions may dilute the value of our outstanding Class A common stock. We may also decide to issue securities, including debt securities that have rights, preferences and privileges senior to our Class A common stock. Any debt financing would increase our already high level of indebtedness and could negatively affect our liquidity and restrict our operations. We may be unable to raise additional funds on terms favorable to us or at all. If financing is not available or is not available on acceptable terms, we may be unable to fund our future needs. This may prevent us from increasing our market share, capitalizing on new business opportunities or remaining competitive in our industry.

We have a long sales cycle for many of our services, and if we fail to close sales after expending significant time and resources to do so, our business, financial condition and results of operations could be adversely affected.

The initial installation and set-up of many of our services often involve significant resource commitments by our clients, particularly those with larger operational scale. Potential clients generally commit significant resources to an evaluation of available services and require us to expend substantial time (six to nine months is not uncommon), effort and money educating them as to the value of our services. We incur substantial costs in order to obtain each new customer. We may expend significant funds and management resources during a sales cycle and ultimately fail to close the sale. Our sales cycle may be extended due to our clients' budgetary constraints or for other reasons. If we are unsuccessful in closing sales after expending significant funds and management resources or we experience delays, it could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Indebtedness and Organizational Structure

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.

We have a high level of indebtedness. As of December 31, 2016, we had total indebtedness of $3.2 billion. For the year ended December 31, 2016, total payments under our annual debt service obligations, including interest and principal, were approximately $193 million. Our high degree of leverage could have significant negative consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including our borrowings under our senior secured credit facilities, are at variable rates of interest;
- making it more difficult for us to comply with the obligations of our debt instruments, including restrictive covenants and borrowing conditions, which could result in an event of default under the agreements governing such indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- making it more difficult for us to obtain payment network sponsorship and clearing services from financial institutions;

- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

The majority of our indebtedness consists of indebtedness under our senior secured credit facilities consisting of a term A loan which matures in 2021 and a term B loan which matures in 2023. We may not be able to refinance our senior secured credit facilities or any other indebtedness because of our high level of debt, debt incurrence restrictions under our debt agreements or because of adverse conditions in credit markets generally.

Despite our high indebtedness level, we still may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness. Although our senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. For example, we may incur up to $650 million of additional debt pursuant to an incremental facility under our senior secured credit facilities, subject to certain terms and conditions.

Our use of derivative financial instruments may not be successful in managing our interest rate risks and could result in material financial losses by us.

To the extent that we hedge our exposure to fluctuations in interest rates, we forgo the benefits we would otherwise experience if interest rates were to change in our favor. Developing an effective strategy for dealing with movements in interest rates is complex, and no strategy can completely insulate us from risks associated with such fluctuations. In addition, a counterparty to the arrangement could default on its obligation, thereby exposing us to credit risk. Further, we may have to repay certain costs, such as transaction fees or breakage costs, if we terminate these arrangements. Finally, our interest rate risk management activities could expose us to substantial losses if interest rates move materially differently from management's expectations. As a result, we cannot assure that our interest rate hedging arrangements will effectively manage our interest rate sensitivity or have the desired beneficial impact on our results of operations or financial condition.

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

Our balance sheet includes goodwill and intangible assets that represent 64% of our total assets at December 31, 2016. These assets consist primarily of goodwill and customer relationship intangible assets associated with our acquisitions. Additional acquisitions would also result in our recognition of additional goodwill and intangible assets. Under current accounting standards, we are required to amortize certain intangible assets over the useful life of the asset, while goodwill is not amortized. On at least an annual basis, we assess whether there have been impairments in the carrying value of goodwill and certain intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could have a material adverse effect on our results of operations.

We are party to tax receivable agreements and the amounts we may be required to pay under these agreements are expected to be significant. In certain cases, payments under the tax receivable agreements may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreements.

We are party to tax receivable agreements ("TRAs") as further described in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations." The payments we will be required to make under these TRAs are expected to be substantial. As of December 31, 2016, we have a liability recorded of approximately $789.4 million associated with the TRAs. Because payments under the TRAs are determined based on realized cash savings resulting from the underlying tax attributes, a period of declining profitability would result in a corresponding reduction in our TRA payments. We will incur additional liabilities in connection with any future purchases by us of units in Vantiv Holding from Fifth Third Bank or from the future exchange of units by Fifth Third Bank for cash or shares of our Class A common stock. If Fifth Third Bank had exchanged its remaining Class B units of Vantiv Holding all for shares of Class A common stock on December 31, 2016, we would have recorded an additional full and undiscounted TRA obligation of approximately $1.1 billion. This estimate is subject to material change based on changes in Fifth Third Bank's tax basis in the partnership interest, changes in tax rates, or significant changes in our stock price. It is possible that future transactions or events, including changes in tax rates, could increase or decrease the actual tax benefits realized and the corresponding TRA payments. There may be a material adverse

effect on our liquidity if, as a result of timing discrepancies or otherwise, distributions to us by Vantiv Holding are not sufficient to permit us to make payments under the TRAs.

The TRAs provide that, upon certain mergers, asset sales, other forms of business combination or certain other changes of control, our obligations to make payments with respect to tax benefits would be based on certain assumptions, including that we would have sufficient taxable income to fully use the NOLs or deductions arising from increased tax basis of assets. As a result, upon a merger or other change of control, we could be required to make payments under the TRAs that are greater than 85% of our actual tax savings.

We may elect to terminate any or all of the remaining TRAs prior to the time they terminate in accordance with their terms. If we were to so elect, or if we materially breach a material obligation in the TRAs and we do not cure such breach within a specified time period, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits taken into account under the TRAs. In these circumstances, the anticipated future tax benefits would be determined under certain assumptions that in general assume that we would recognize the greatest amount of benefits at the earliest time. As a result, the payments we would be required to make could exceed 85% of the tax savings that we actually realize from the increased tax basis and/or the NOLs, and we could be required to make those payments significantly in advance of the time the tax savings arise.

If the Internal Revenue Service, or the IRS, challenges the tax basis increases or NOLs that give rise to payments under the TRAs and the tax basis increases or NOLs are subsequently disallowed, our payments under the TRAs could exceed our actual tax savings, and we may not be able to recoup payments under the TRAs that were calculated on the assumption that the disallowed tax savings were available.

We are a holding company and our principal assets are our interests in Vantiv Holding, and we depend on dividends, distributions and other payments from Vantiv Holding to meet any existing or future debt service and other obligations and to pay dividends, if any, and taxes and other expenses.

We are a holding company and conduct all of our operations through Vantiv Holding and its subsidiaries. We have no material assets other than our ownership of units of Vantiv Holding. To the extent that we need funds and Vantiv Holding is restricted from making distributions to us under applicable law or regulation, or by the terms of Vantiv Holding's indebtedness, or Vantiv Holding is otherwise unable to provide such funds, it could materially adversely affect our liquidity and, consequently, our business, financial condition and results of operations.

Fifth Third Bank has interests that could present potential conflicts with our and our other stockholders' interests.

Fifth Third Bank has the ability to pursue, for its own accounts, business line or acquisition opportunities that may be similar or complementary to our business, and as a result, those opportunities may not be available to us. Our amended and restated certificate of incorporation contains provisions renouncing any interest or expectancy we may have in certain corporate opportunities held by or known to our directors affiliated with Fifth Third Bank. Accordingly, the interests of Fifth Third Bank may supersede ours, causing it or its affiliates to compete against us or to pursue opportunities instead of us, for which we would have no recourse. Such actions on the part of Fifth Third Bank and inaction on our part could have a material adverse effect on our business, financial condition and results of operations.

Some provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws may deter third parties from acquiring us and diminish the value of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws provide for, among other things:

- restrictions on the ability of our stockholders to call a special meeting and the business that can be conducted at such meeting;
- prohibition on the ability of our stockholders to remove directors elected by the holders of our Class A common stock without cause;
- our ability to issue additional shares of Class A common stock and to issue preferred stock with terms that the board of directors may determine, in each case without stockholder approval (other than as specified in our amended and restated certificate of incorporation);
- the absence of cumulative voting in the election of directors;

- supermajority approval requirements for amending or repealing provisions in the amended and restated certificate of incorporation and bylaws;
- a classified board of directors;
- a prohibition on action by written consent of stockholders; and
- advance notice requirements for stockholder proposals and nominations.

These provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions.

Risks Related to the Ownership of our Class A Common Stock

Future sales of our Class A common stock or securities convertible into or exchangeable for Class A common stock could depress the market price of our Class A common stock.

Sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our Class A common stock. As of December 31, 2016, we had 161,134,831 shares of Class A common stock outstanding. Subject to compliance with applicable documentation, which includes the Exchange Agreement, Fifth Third Bank could acquire up to 35,042,826 shares of our Class A common stock. Pursuant to the Registration Rights Agreement, Fifth Third Bank is entitled to certain demand and “piggyback” registration rights and any shares of our Class A common stock that are sold by Fifth Third Bank pursuant to such a registration would become eligible for sale in the public market without restriction. In addition, we have filed registration statements on Form S-8 relating to an aggregate of 39,750,519 shares of our Class A common stock that we have issued or may issue in the future pursuant to employee benefit plans. These shares may be sold in the public market upon issuance and once vested, subject to the terms of the equity incentive plan and applicable award agreements.

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could adversely affect the trading price of our common stock.

Effective internal control over financial reporting is necessary for us to provide accurate financial information. If we are unable to adequately maintain effective internal control over financial reporting, we may not be able to accurately report our financial results, which could cause investors to lose confidence in our reported financial information and negatively affect the trading price of our common stock. Furthermore, we cannot be certain that our internal control over financial reporting and disclosure controls and procedures will prevent all possible error and fraud. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake, which could have an adverse impact on our business.

The price of our Class A common stock may be volatile.

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions could reduce the market price of our Class A common stock regardless of our results of operations. The trading price of our Class A common stock is likely to be highly volatile and could be subject to wide price fluctuations in response to various factors, including, among other things, the risk factors described in this section of this Annual Report on Form 10-K, and other factors beyond our control. Factors affecting the trading price of our common stock will include:

- market conditions in the broader stock market;
- actual or anticipated variations in our quarterly financial and operating results;
- variations in operating results of similar companies;
- introduction of new services by us, our competitors or our clients
- issuance of new, negative or changed securities analysts’ reports or recommendations or estimates;
- investor perceptions of us and the industries in which we or our clients operate;

- sales, or anticipated sales, of our stock, including sales by existing stockholders;
- additions or departures of key personnel;
- regulatory or political developments;
- stock-based compensation expense under applicable accounting standards;
- litigation and governmental investigations; and
- changing economic conditions.

These and other factors may cause the market price and demand for shares of our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock and may otherwise negatively affect the liquidity of our Class A common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. Securities litigation against us, regardless of the merits or outcome, could result in substantial costs and divert the time and attention of our management from our business, which could significantly harm our business, profitability and reputation.

We have not declared or paid any cash dividends on our common stock since our initial public offering, and we do not intend to in the foreseeable future.

We have not declared or paid any cash dividends on our common stock since our initial public offering, and we do not intend to in the foreseeable future. We currently intend to retain our future earnings, if any, to repay indebtedness and to support our general corporate purposes. We are a holding company that does not conduct any business operations of our own. As a result, our ability to pay cash dividends on our common stock, if any, is dependent upon cash dividends and distributions and other transfers from Vantiv Holding. The amounts available to us to pay cash dividends are also restricted by our subsidiaries' debt agreements, and, to the extent that we require additional funding, the sources of such additional funding may prohibit the payment of a dividend. As a result, appreciation in the price of our Class A common stock, if any, will be the only source of gain on an investment in our Class A common stock.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

Our principal place of business is our corporate headquarters located at 8500 Governor's Hill Drive, Symmes Township, Cincinnati, Ohio 45249.

In addition to our corporate headquarters, as of December 31, 2016 we leased operational, sales, and administrative facilities in Arizona, California, Colorado, Florida, Illinois, Kentucky, Massachusetts and Texas and owned a facility in Colorado. As of December 31, 2016, we leased data center facilities in Colorado, Kentucky and Michigan. We believe that our facilities are suitable and adequate for our business as presently conducted, however, we periodically review our facility requirements and may acquire new space to meet the needs of our business or consolidate and dispose of facilities that are no longer required.

Item 3. 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 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our Class A common stock is traded on the New York Stock Exchange under the symbol "VNTV." There is currently no established public trading market for our Class B common stock. The information presented in the table below represents the high and low sales prices per share of Class A common stock as reported on the NYSE for the periods indicated.

2015	High	Low
First Quarter	$ 39.11	$ 32.99
Second Quarter	$ 41.09	$ 37.16
Third Quarter	$ 47.02	$ 38.20
Fourth Quarter	$ 53.46	$ 44.46

2016	High	Low
First Quarter	$ 54.50	$ 42.01
Second Quarter	$ 58.09	$ 50.52
Third Quarter	$ 59.62	$ 52.45
Fourth Quarter	$ 60.25	$ 54.38

There were approximately 12 holders of record of our Class A common stock and one holder of our Class B common stock as of January 31, 2017.

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 December 31, 2016:

Period	Total Number of Shares Purchased [(1)(2)]	Average Price Paid per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs [(2)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) [(2)]
October 1, 2016 to October 31, 2016	2,780	$ 59.15	—	$ 299.6
November 1, 2016 to November 30, 2016	950,652	$ 59.32	950,000	$ 243.2
December 1, 2016 to December 31, 2016	170	$ 58.64	—	$ 243.2

(1) Includes shares of Class A common stock surrendered to us to satisfy tax withholding obligations in connection with the vesting of restricted stock awards.

(2) On October 25, 2016, the board of directors authorized a program to repurchase up to an additional $250 million of our Class A common stock. During the three months ended December 31, 2016, we repurchased 950,000 shares of Class A common stock for approximately $56.4 million. Purchases under the repurchase program are allowed from time to time in the open market, in privately negotiated transactions, or otherwise. The manner, timing, and amount of any purchases are determined by management based on an evaluation of market conditions, stock price, and other factors. The share repurchase program has no expiration date and we may discontinue purchases at any time that management determines additional purchases are not warranted.

Dividend Policy

Since our initial public offering, we have not declared or paid any cash dividends on our common stock, and we do not intend to in the foreseeable future. We are a holding company that does not conduct any business operations of our own. As a result, our ability to pay cash dividends on our common stock, if any, is dependent upon cash dividends and distributions and other transfers from Vantiv Holding. The amounts available to us to pay cash dividends are subject to the covenants and restrictions in our subsidiaries' loan agreements. Any future determination as to the declaration and payment of dividends, if

any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, legal and contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Vantiv Holding paid aggregate tax distributions to Fifth Third Bank of $8.7 million, $10.9 million and $22.9 million, respectively, for the years ended December 31, 2016, 2015 and 2014, pursuant to the terms of the Amended and Restated Vantiv Holding Limited Liability Company Agreement. Vantiv Holding will continue to make tax distributions to Fifth Third in accordance with the Amended and Restated Vantiv Holding Limited Liability Company Agreement.

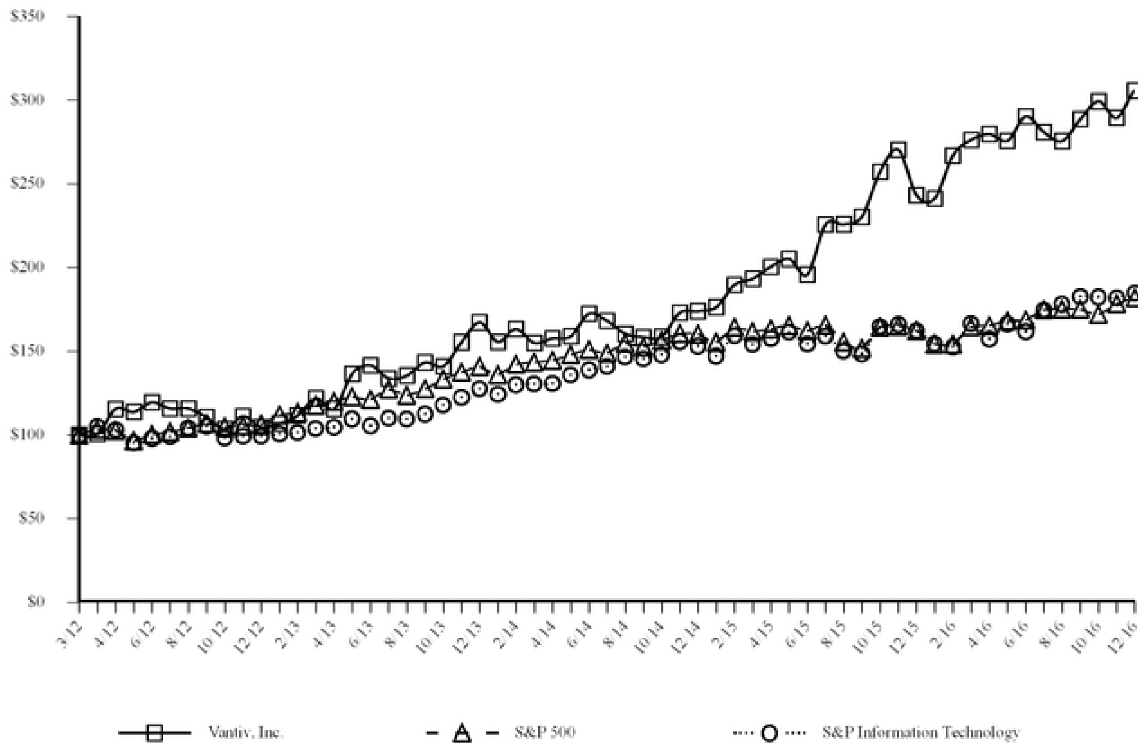
Additionally, Vantiv Holding paid distributions to a bank partner relating to its joint venture of $4.2 million and $2.0 million, respectively, for the years ended December 31, 2016 and 2015.

Stock Performance Graph

The following graph shows a comparison from March 22, 2012 (the date our Class A common stock commenced trading on the NYSE) through December 31, 2016 of the cumulative total return for our Class A common stock, the S&P 500 Index and the S&P Information Technology Index. Data for the S&P 500 Index and the S&P Information Technology Index assume reinvestment of dividends. Note that historic stock price performance is not necessarily indicative of future stock price performance.

COMPARISON OF 57 MONTH CUMULATIVE TOTAL RETURN*

Among Vantiv, Inc., the S&P 500 Index, and the S&P Information Technology Index



*$100 invested on 3/22/12 in stock or 2/29/12 in index, including reinvestment of dividends.
Fiscal year ending December 31.

This performance graph shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the

liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Vantiv, Inc. under the Securities Act of 1933, as amended.

Item 6. Selected Financial Data

The following table sets forth our historical financial and other data for the periods and as of the dates indicated. We derived the statement of income data for the years ended December 31, 2016, 2015 and 2014 and our balance sheet data as of December 31, 2016 and 2015 from our audited financial statements for such periods included elsewhere in this Annual Report on Form 10-K. The statement of income data for the years ended December 31, 2013 and 2012 and the balance sheet data as of December 31, 2014, 2013 and 2012 are derived from our audited financial statements that are not included in this Annual Report on Form 10-K.

The results indicated below are not necessarily indicative of our future performance. You should read this information together with "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8 - Financial Statements and Supplementary Data."

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
	(in thousands, except per share data)				
Statement of income data:					
Revenue	$ 3,578,991	$ 3,159,938	$ 2,577,203	$ 2,108,077	$ 1,863,239
Network fees and other costs	1,674,230	1,478,202	1,174,665	935,441	840,597
Sales and marketing	582,251	503,949	396,353	312,044	280,644
Other operating costs	294,235	284,066	242,439	200,630	158,374
General and administrative	189,707	182,369	173,986	121,707	118,231
Depreciation and amortization	270,054	276,942	275,069	185,453	160,538
Income from operations	568,514	434,410	314,691	352,802	304,855
Interest expense-net	(109,534)	(105,736)	(79,701)	(40,902)	(54,572)
Non-operating income (expense)	(36,256)	(31,268)	177	(20,000)	(92,672)
Income before applicable income taxes	422,724	297,406	235,167	291,900	157,611
Income tax expense	141,853	88,177	66,177	83,760	46,853
Net income	280,871	209,229	168,990	208,140	110,758
Less: Net income attributable to non-controlling interests	(67,663)	(61,283)	(43,698)	(74,568)	(53,148)
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292	$ 133,572	$ 57,610
Net income per share attributable to Vantiv, Inc. Class A common stock:					
Basic	$ 1.37	$ 1.02	$ 0.88	$ 0.96	$ 0.50
Diluted	$ 1.32	$ 0.95	$ 0.75	$ 0.87	$ 0.47
Shares used in computing net income per share of Class A common stock:					
Basic	156,043,636	145,044,577	141,936,933	138,836,314	116,258,204
Diluted	162,115,549	200,934,442	199,170,813	206,027,557	122,747,362

	As of December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Balance sheet data:					
Cash and cash equivalents	$ 139,148	$ 197,096	$ 411,568	$ 171,427	$ 67,058
Total assets	7,044,007	6,465,426	6,336,083	4,189,553	3,979,529
Total long-term liabilities	3,747,706	3,944,981	4,072,164	2,327,918	1,665,826
Non-controlling interests	291,624	272,278	397,573	408,391	626,309
Total equity	1,607,289	1,225,066	1,300,586	1,176,322	1,444,235

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis provides a review of the results of operations, financial condition and liquidity and capital resources of Vantiv, Inc. ("Vantiv", "we", "us", "our" or the "company" refer to Vantiv, Inc. and its consolidated subsidiaries) and outlines the factors that have affected recent results, as well as those factors that may affect future results. Our actual results in the future may differ materially from those anticipated in these forward looking statements as a result of many factors, including those set forth under "Risk Factors," Forward Looking Statements" and elsewhere in this report. The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in "Item 8 - Financial Statements and Supplementary Data" of this report.

Overview

Vantiv is the second largest merchant acquirer and the largest PIN debit acquirer by number of transactions, according to the Nilson Report, and a leading payment processor in the United States differentiated by our integrated technology platform, breadth of distribution and superior cost structure. Our integrated technology platform enables us to efficiently provide a comprehensive suite of services to both merchants and financial institutions of all sizes as well as to innovate, develop and deploy new services, while providing us with significant economies of scale. Our broad and varied distribution provides us with a growing and diverse client base of merchants and financial institutions. Our merchant client base includes merchant locations across the United States and is heavily-weighted in non-discretionary everyday spend categories where spending has generally been more resilient during economic downturns. In 2016, we processed approximately 21.0 billion transactions for these merchants. Our financial institution client base includes regional banks, community banks, credit unions and regional PIN debit networks. In 2016, we processed approximately 4.0 billion transactions for these financial institutions. See Item 1 - Business for a more detailed discussion of the business overview.

Executive Overview

Revenue for the year ended December 31, 2016 increased 13% to $3,579.0 million from $3,159.9 million in 2015.

Income from operations for the year ended December 31, 2016 increased 31% to $568.5 million from $434.4 million in 2015.

Net income for the year ended December 31, 2016 increased 34% to $280.9 million from $209.2 million in 2015. Net income attributable to Vantiv, Inc. for the year ended December 31, 2016 increased 44% to $213.2 million from $147.9 million in 2015. See the "Results of Operations" section of this Management's Discussion and Analysis for a discussion of our financial results.

Strategic Capital Deployment

The highly recurring nature of our revenues and significant cost structure advantages provided by our integrated technology platform enable our business to generate high levels of free cash flow. As a result, we maintain a balanced and strategic focus on capital allocation with priorities of investing in our business for growth and returning capital to shareholders. In-line with these priorities, the following events during 2016 signify our efforts to strategically deploy capital to our shareholders:

- In July 2016, we entered into a purchase Addendum in connection with the Company's TRA with Fifth Third (the "Fifth Third TRA Addendum") to terminate and settle a portion of our obligations owed to Fifth Third under the Fifth Third TRA and the NPC TRA. Under the terms of the Fifth Third TRA Addendum, the Company paid approximately $116.3 million to Fifth Third to settle approximately $330.7 million of obligations under the Fifth Third TRA, the difference of which was recorded as an addition to paid-in capital, net of deferred taxes. In addition, the Fifth Third TRA Addendum provided that the Company may be obligated to pay up to a total of approximately $170.7 million to Fifth Third to terminate and settle certain remaining obligations under the Fifth Third TRA and the NPC TRA, totaling an estimated $394.1 million, the difference of which will be recorded as an addition to paid-in capital upon the exercise of the Call Options or Put Options. If the associated Call Options or Put Options are exercised, 10% of the obligations would be settled on each of March 31, 2017, June 30, 2017, September 30, 2017, and December 31, 2017 and 15% of the obligations would be settled on each of March 31, 2018, June 30, 2018, September 30, 2018, and December 31, 2018. See Note 7 - Tax Receivable Agreements in "Item 8 - Financial Statements and Supplementary Data" for more information about the TRA transaction.

- On October 25, 2016, the board of directors authorized a program to repurchase up to an additional $250 million of the Company's Class A common stock. Throughout 2016, we repurchased approximately 1.4 million shares of our Class A common stock for approximately $81.4 million under various programs approved by our board of directors. See Note 12 - Capital Stock in “Item 8 - Financial Statements and Supplementary Data” for more information about the share repurchases.

Recent Acquisition

On December 21, 2016, we acquired Moneris Solutions, Inc. (“Moneris USA”) for $406.8 million in cash, which is net of cash acquired. We funded the acquisition with cash on hand. Moneris USA is a provider of payment processing solutions offering credit, debit, wireless and online payment services for merchants in virtually every industry segment. This acquisition helps to further accelerate our growth in key high-growth channels. The operations of Moneris USA are included in our Merchant Services segment operating results.

Our Segments, Revenue and Expenses

Segments

We 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. See “Item 1 - Business” for a more detailed discussion of the business segments.

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 referral partners 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 referral partners 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 and 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 primarily consist of pass through expenses incurred by us in connection with providing processing services to our clients, including Visa and Mastercard network association fees, payment network fees, third party processing expenses, telecommunication charges, postage and card production costs.

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, residual payments made to referral partners and advertising and promotional costs.

- *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 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.

- *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* represents federal, state and local taxes based on income in multiple jurisdictions.

- *Non-operating income (expense)* during the year ended December 31, 2016 related to the change in fair value of the Mercury TRA entered into as part of the acquisition of Mercury and a charge related to the refinancing of our senior secured credit facilities in October 2016. The 2015 amount primarily related to the change in the fair value of the Mercury TRA. The 2014 amount primarily related to a benefit recorded as a result of a reduction in certain TRA liabilities, partially offset by a charge related to the refinancing of our senior secured credit facilities in June 2014 and the change in fair value of the Mercury TRA.

Non-Controlling Interest

As a result of the non-controlling ownership interests in Vantiv Holding held by Fifth Third, our results of operations include net income attributable to non-controlling interests. Future sales or redemptions of ownership interests in Vantiv Holding by Fifth Third will continue to reduce the amount recorded as non-controlling interest and increase net earnings attributable to our Class A stockholders. In addition, net income attributable to non-controlling interests includes the non-controlling interest related to a joint venture with a bank partner. See Note 9 - Controlling and Non-controlling Interests in “Item 8 - Financial Statements and Supplementary Data” for more information.

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 annual incentive 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 non-GAAP measure should be considered together with GAAP operating results.

Non-GAAP Adjustments

Transition, Acquisition and Integration Costs

In connection with our acquisitions, we incur costs associated with the acquisitions and related integration activities, consisting primarily of consulting fees for advisory, conversion and integration services and related personnel costs. Also included in these expenses are costs related to employee termination benefits and other transition activities. These transition, acquisition and integration costs are included in other operating costs and general and administrative expenses.

Share-Based Compensation

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. Share-based compensation 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 Income (Expense)

Non-operating expense was $36.3 million for the year ended December 31, 2016, which primarily consisted of $19.5 million related to the change in fair value of the Mercury TRA entered into as part of the acquisition of Mercury and a $16.6 million charge related to the refinancing of our senior secured credit facilities in October 2016.

Non-operating expense for the year ended December 31, 2015 was $31.3 million, which primarily related to the change in fair value of the Mercury TRA.

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 assuming conversion of Fifth Third's non-controlling interests into shares of Class A common stock, including the income tax effect of the non-GAAP adjustments described above. The adjusted effective tax rate is 36.0%.

Tax Adjustments

In addition to the adjustment described above, income tax expense is also adjusted for the cash tax benefits resulting from certain tax attributes, primarily the amortization of tax intangible assets resulting from or acquired with our acquisitions, the tax basis step up associated with our separation from Fifth Third and the purchase or exchange of units of Vantiv Holding, net of payment obligations under TRAs established at the time of our IPO and in connection

with our acquisition of Mercury. The estimate of the cash tax benefits is based on the consistent and highly predictable realization of the underlying tax attributes.

The following table provides a schedule of the tax adjustments discussed above which are reflected in the pro forma adjusted net income table below:

	Year Ended December 31,	
	2016	2015
Fifth Third Tax Benefit [(a)]	$ 49,219	$ 41,701
Mercury Tax Benefit [(b)]	18,660	25,230
Total Tax Benefits	67,879	66,931
Less: TRA payments [(c)]	(57,697)	(56,891)
TRA Tax Benefits [(d)]	10,182	10,040
Acquired Tax Benefits [(e)]	65,978	48,146
Pro Forma Tax Benefits [(f)]	$ 76,160	$ 58,186

(a) Represents the cash tax benefits which are shared with Fifth Third Bank pursuant to a TRA.
(b) Represents the cash tax benefits shared with Mercury former shareholders pursuant to a TRA.
(c) Represents the amount of the TRA payment to be made to Fifth Third Bank and Mercury shareholders (85% payment).
(d) Represents the 15% benefit that we retain for the shared tax benefits related to the TRAs.
(e) Represents the tax benefits wholly owned by us, acquired through acquisition or termination of TRAs in which we retain 100% of the benefit.
(f) Represents the net cash tax benefit retained by us from the use of the tax attributes, as reflected in the Pro forma Tax Adjustments.

Additionally, as a result of the Fifth Third TRA Addendum entered into on July 27, 2016, as discussed in Note 7 - Tax Receivable Agreements in "Item 8 - Financial Statements and Supplementary Data", beginning in 2017 we will reflect the retention of the cash tax benefits resulting from the realization of the tax attributes underlying each respective TRA termination in pro forma adjusted net income.

The table below provides a reconciliation of GAAP income before applicable income taxes to pro forma adjusted net income for the years ended December 31, 2016 and 2015:

	Year Ended December 31,	
	2016	2015
	(in thousands)	
Income before applicable income taxes	$ 422,724	$ 297,406
Non-GAAP Adjustments:		
Transition, acquisition and integration costs	37,558	62,583
Share-based compensation	35,871	30,492
Intangible amortization	190,822	191,441
Non-operating expenses	36,256	31,268
Non-GAAP Adjusted Income Before Applicable Taxes	723,231	613,190
Less: Pro Forma Adjustments		
Income tax expense	260,363	220,748
Tax adjustments	(76,160)	(58,186)
JV non-controlling interest	1,200	1,501
Pro Forma Adjusted Net Income	$ 537,828	$ 449,127

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.

	Year Ended December 31,			
	2016	2015	$ Change	% Change
	(dollars in thousands)			
Revenue	$ 3,578,991	$ 3,159,938	$ 419,053	13 %
Network fees and other costs	1,674,230	1,478,202	196,028	13
Net revenue	1,904,761	1,681,736	223,025	13
Sales and marketing	582,251	503,949	78,302	16
Other operating costs	294,235	284,066	10,169	4
General and administrative	189,707	182,369	7,338	4
Depreciation and amortization	270,054	276,942	(6,888)	(2)
Income from operations	$ 568,514	$ 434,410	$ 134,104	31 %
Non-financial data:				
Transactions (in millions)	24,973	22,991		9 %

As a Percentage of Net Revenue	Year Ended December 31,	
	2016	2015
Net revenue	100.0%	100.0%
Sales and marketing	30.6	30.0
Other operating costs	15.4	16.9
General and administrative	10.0	10.8
Depreciation and amortization	14.2	16.5
Income from operations	29.8%	25.8%

Fiscal Year Ended December 31, 2016 Compared to Fiscal Year Ended December 31, 2015

Revenue

Revenue increased 13% to $3,579.0 million for the year ended December 31, 2016 from $3,159.9 million for the year ended December 31, 2015. The increase was due primarily to transaction growth of 9%. Additionally, growth in our Merchant Services segment as a result of our continued penetration of small and mid-sized merchants contributed to higher net revenue per transaction.

Network Fees and Other Costs

Network fees and other costs increased 13% to $1,674.2 million for the year ended December 31, 2016 from $1,478.2 million for the year ended December 31, 2015. The increase was due to a combination of transaction growth of 9% and rising pass through expenses.

Net Revenue

Net revenue, which is revenue less network fees and other costs, increased 13% to $1,904.8 million for the year ended December 31, 2016 from $1,681.7 million for the year ended December 31, 2015 due to the factors discussed above.

Sales and Marketing

Sales and marketing expense increased 16% to $582.3 million for the year ended December 31, 2016 from $503.9 million for the year ended December 31, 2015. The increase was primarily attributable to higher residual payments to referral partners as a result of increased revenue in our Merchant Services segment in connection with the continued penetration of small and mid-sized merchants.

Other Operating Costs

Other operating costs increased 4% to $294.2 million for the year ended December 31, 2016 from $284.1 million for the year ended December 31, 2015. When excluding transition, acquisition and integration costs, other operating costs increased 11% to $285.4 million for the year ended December 31, 2016 from $256.3 million for the year ended December 31, 2015. The increase was primarily attributable to an increase in information technology and operation costs, in support of our revenue growth.

General and Administrative

General and administrative expenses increased 4% to $189.7 million for the year ended December 31, 2016 from $182.4 million for the year ended December 31, 2015. When excluding transition, acquisition and integration costs as well as share-based compensation, general and administrative costs increased 7% to $125.2 million for the year ended December 31, 2016 from $117.1 million for the year ended December 31, 2015. General and administrative expenses continue to grow slower than net revenue as we continue to drive efficiencies in the back office.

Depreciation and Amortization

Depreciation expense associated with our property, equipment and software decreased to $70.5 million for the year ended December 31, 2016 from $76.6 million for the year ended December 31, 2015.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, decreased to $199.6 million for the year ended December 31, 2016 from $200.4 million for the year ended December 31, 2015.

Income from Operations

Income from operations increased 31% to $568.5 million for the year ended December 31, 2016 from $434.4 million for the year ended December 31, 2015.

Interest Expense—Net

Interest expense—net increased to $109.5 million for the year ended December 31, 2016 from $105.7 million for the year ended December 31, 2015. The increase in interest expense—net is primarily attributable to our interest rate swaps.

Non-Operating Income (Expense)

Non-operating expenses were $36.3 million for the year ended December 31, 2016, related to the change in fair value of the Mercury TRA entered into as part of the acquisition of Mercury and a charge related to the October 2016 debt refinancing. Non-operating expense was $31.3 million for the year ended December 31, 2015, primarily related to the change in fair value of the Mercury TRA.

Income Tax Expense

Income tax expense for the year ended December 31, 2016 was $141.9 million compared to $88.2 million for the year ended December 31, 2015, reflecting effective rates of 33.6% and 29.6%, respectively. Our effective rate reflects the impact of our non-controlling interest not being taxed at the statutory corporate tax rates. 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 36.0%.

Segment Results

The following tables provide a summary of the components of segment profit for our two segments for the years ended December 31, 2016 and 2015.

Merchant Services

	Year Ended December 31,			
	2016	2015	$ Change	% Change
	(dollars in thousands)			
Total revenue	$ 3,082,951	$ 2,656,906	$ 426,045	16%
Network fees and other costs	1,537,072	1,321,312	215,760	16
Net revenue	1,545,879	1,335,594	210,285	16
Sales and marketing	557,942	478,736	79,206	17
Segment profit	$ 987,937	$ 856,858	$ 131,079	15%
Non-financial data:				
Transactions (in millions)	20,955	18,959		11%

Net Revenue

Net revenue in this segment increased 16% to $1,545.9 million for the year ended December 31, 2016 from $1,335.6 million for the year ended December 31, 2015. The increase during the year ended December 31, 2016 was due primarily to transaction growth of 11% and a 5% increase in net revenue per transaction associated with our continued penetration of small and mid-sized merchants.

Sales and Marketing

Sales and marketing expense increased 17% to $557.9 million for the year ended December 31, 2016 from $478.7 million for the year ended December 31, 2015. The increase was primarily attributable to higher residual payments to referral partners as a result of increased revenue in connection with the continued penetration of small and mid-sized merchants.

Financial Institution Services

	Year Ended December 31,			
	2016	2015	$ Change	% Change
	(dollars in thousands)			
Total revenue	$ 496,040	$ 503,032	$ (6,992)	(1)%
Network fees and other costs	137,158	156,890	(19,732)	(13)
Net revenue	358,882	346,142	12,740	4
Sales and marketing	24,309	25,213	(904)	(4)
Segment profit	$ 334,573	$ 320,929	$ 13,644	4 %
Non-financial data:				
Transactions (in millions)	4,018	4,032		— %

Net Revenue

Net revenue in this segment increased 4% to $358.9 million for the year ended December 31, 2016 from $346.1 million for the year ended December 31, 2015. The increase during the year ended December 31, 2016 was due to a 4% increase in net revenue per transaction primarily due to value-added services including the impact of EMV card reissuance and fraud related services.

Sales and Marketing

Sales and marketing expense decreased $0.9 million to $24.3 million for the year ended December 31, 2016 from $25.2 million for the year ended December 31, 2015.

Fiscal Year Ended December 31, 2015 Compared to Fiscal Year Ended December 31, 2014

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

	Year Ended December 31,			
	2015	2014	$ Change	% Change
	(dollars in thousands)			
Revenue	$ 3,159,938	$ 2,577,203	$ 582,735	23%
Network fees and other costs	1,478,202	1,174,665	303,537	26
Net revenue	1,681,736	1,402,538	279,198	20
Sales and marketing	503,949	396,353	107,596	27
Other operating costs	284,066	242,439	41,627	17
General and administrative	182,369	173,986	8,383	5
Depreciation and amortization	276,942	275,069	1,873	1
Income from operations	$ 434,410	$ 314,691	$ 119,719	38%
Non-financial data:				
Transactions (in millions)	22,991	20,077		15%

As a Percentage of Net Revenue	Year Ended December 31,	
	2015	2014
Net revenue	100.0%	100.0%
Sales and marketing	30.0	28.3
Other operating costs	16.9	17.3
General and administrative	10.8	12.4
Depreciation and amortization	16.5	19.6
Income from operations	25.8%	22.4%

Revenue

Revenue increased 23% to $3,159.9 million for the year ended December 31, 2015 from $2,577.2 million for the year ended December 31, 2014. The increase was due to transaction growth of 15%, primarily in the Merchant Services segment which includes the impact of the Mercury acquisition and expansion in our merchant bank and integrated payments channels, which contributed to higher net revenue per transaction.

Network Fees and Other Costs

Network fees and other costs increased 26% to $1,478.2 million for the year ended December 31, 2015 from $1,174.7 million for the year ended December 31, 2014. The increase was due primarily to transaction growth of 15%, including the impact of the Mercury acquisition, and to a lesser extent an increase in third party processing costs in connection with the Mercury acquisition.

Net Revenue

Net revenue, which is revenue less network fees and other costs, increased 20% to $1,681.7 million for the year ended December 31, 2015 from $1,402.5 million for the year ended December 31, 2014 due to the factors discussed above.

Sales and Marketing

Sales and marketing expense increased 27% to $503.9 million for the year ended December 31, 2015 from $396.4 million for the year ended December 31, 2014. The increase was primarily attributable to the Mercury acquisition, higher sales and marketing personnel and related costs and higher residual payments to referral partners in connection with increased revenue.

Other Operating Costs

Other operating costs increased 17% to $284.1 million for the year ended December 31, 2015 from $242.4 million for the year ended December 31, 2014. The increase was primarily attributable to the Mercury acquisition and an increase in information technology spend. Also contributing to the increase was a $11.1 million increase in transition, acquisition and integration costs due to our recent acquisitions.

General and Administrative

General and administrative expenses increased 5% to $182.4 million for the year ended December 31, 2015 from $174.0 million for the year ended December 31, 2014. The increase was primarily attributable to the Mercury acquisition, continued investment in our infrastructure in support of growth initiatives, and an increase in acquisition and integration costs of $13.0 million, partially offset by a decrease in share-based compensation of $11.7 million. In addition, synergies and operating leverage has decelerated the increase of general and administrative expenses as a percentage of net revenue.

Depreciation and Amortization

Depreciation expense associated with our property, equipment and software increased to $76.6 million for the year ended December 31, 2015 from $70.0 million for the year ended December 31, 2014.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, decreased 2% to $200.4 million for the year ended December 31, 2015 from $205.1 million for the year ended December 31, 2014. A $34.3 million charge related to phasing out a trade name during the year ended December 31, 2014 more than offset an increase in amortization expense associated with intangible assets acquired in connection with the Mercury acquisition.

Income from Operations

Income from operations increased 38% to $434.4 million for the year ended December 31, 2015 from $314.7 million for the year ended December 31, 2014.

Interest Expense—Net

Interest expense—net increased to $105.7 million for the year ended December 31, 2015 from $79.7 million for the year ended December 31, 2014. The increase in interest expense—net is primarily attributable to our June 2014 debt refinancing, which resulted in an increase in the amount of outstanding debt, as well as an increase in the applicable interest rates. The increase in outstanding debt was used to fund the acquisition of Mercury.

Non-Operating Income (Expense)

Non-operating expenses were $31.3 million for the year ended December 31, 2015, primarily relating to the change in fair value of the Mercury TRA entered into as part of the acquisition of Mercury. Non-operating income was $0.2 million for the year ended December 31, 2014, which consisted of a benefit recorded as a result of a reduction in certain TRA liabilities of $41.3 million, partially offset by $26.5 million in expenses related to the refinancing of our senior secured credit facilities in June 2014 and expense of $14.6 million related to the change in fair value of the Mercury TRA.

Income Tax Expense

Income tax expense for the year ended December 31, 2015 was $88.2 million compared to $66.2 million for the year ended December 31, 2014, reflecting effective rates of 29.6% and 28.1%, respectively. Our effective rate reflects the impact of our non-controlling interest not being taxed at the statutory corporate tax rates. The increase in our effective tax rate reflects the 2014 favorable impact of cumulative deductions related to Internal Revenue Code Section 199, which allows for the deduction of a portion of the income related to domestically produced computer software and the impact to deferred taxes due to a change in state tax rates. 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 36.0%.

Segment Results

The following tables provide a summary of the components of segment profit for our two segments for the years ended December 31, 2015 and 2014.

Merchant Services

	Year Ended December 31,			
	2015	2014	$ Change	% Change
	(dollars in thousands)			
Total revenue	$ 2,656,906	$ 2,100,367	$ 556,539	26%
Network fees and other costs	1,321,312	1,033,801	287,511	28
Net revenue	1,335,594	1,066,566	269,028	25
Sales and marketing	478,736	367,998	110,738	30
Segment profit	$ 856,858	$ 698,568	$ 158,290	23%
Non-financial data:				
Transactions (in millions)	18,959	16,262		17%

Net Revenue

Net revenue in this segment increased 25% to $1,335.6 million for the year ended December 31, 2015 from $1,066.6 million for the year ended December 31, 2014. The increase during the year ended December 31, 2015 was due primarily to transaction growth of 17%, including the impact of the Mercury acquisition and expansion in our merchant bank and integrated payments channels, which contributed to higher net revenue per transaction. On a pro forma organic basis, net revenue would have increased 14% for the year ended December 31, 2015 when compared to the year ended December 31, 2014 if we had owned Mercury throughout both years.

Sales and Marketing

Sales and marketing expense increased 30% to $478.7 million for the year ended December 31, 2015 from $368.0 million for the year ended December 31, 2014. The increase was primarily attributable to the Mercury acquisition, higher sales and marketing personnel and related costs and higher residual payments to referral partners in connection with increased revenue.

Financial Institution Services

	Year Ended December 31,			
	2015	2014	$ Change	% Change
	(dollars in thousands)			
Total revenue	$ 503,032	$ 476,836	$ 26,196	5 %
Network fees and other costs	156,890	140,864	16,026	11
Net revenue	346,142	335,972	10,170	3
Sales and marketing	25,213	28,355	(3,142)	(11)
Segment profit	$ 320,929	$ 307,617	$ 13,312	4 %
Non-financial data:				
Transactions (in millions)	4,032	3,815		6 %

Net Revenue

Net revenue in this segment increased 3% to $346.1 million for the year ended December 31, 2015 from $336.0 million for the year ended December 31, 2014. The increase during the year ended December 31, 2015 was due primarily to an increase in transactions and value-added services revenue. This increase was partially offset by a decrease in net revenue per transaction, which was driven by pricing compression and shift in the mix of our client portfolio, resulting in a lower rate per transaction.

Sales and Marketing

Sales and marketing expense decreased $3.1 million to $25.2 million for the year ended December 31, 2015 from $28.4 million for the year ended December 31, 2014.

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, required payments under TRAs, debt service and acquisitions. As of December 31, 2016, our principal sources of liquidity consisted of $139.1 million of cash and cash equivalents and $650.0 million of availability under the revolving portion of our senior secured credit facilities. Our total indebtedness, including capital leases, was $3.2 billion as of December 31, 2016.

During 2016, we continued to repurchase shares of our Class A common stock under various programs approved by our board of directors. In October 2016, our board of directors authorized a program to repurchase up to an additional $250 million of our Class A common stock. We repurchased approximately 1.4 million shares for approximately $81.4 million under these programs during the year ended December 31, 2016. We have approximately $243.2 million of share repurchase authority remaining as of December 31, 2016 under the programs.

Purchases under the repurchase programs are allowed from time to time in the open market, in privately negotiated transactions, or otherwise. The manner, timing, and amount of any purchases are determined by management based on an evaluation of market conditions, stock price, and other factors. The share repurchase programs have no expiration date and we may discontinue purchases at any time that management determines additional purchases are not warranted.

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 their 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 that we will fund such exchange through cash from operations, funds available under the revolving portion of our senior secured credit facilities, equity financings or a combination thereof.

We do not intend to pay cash dividends on our Class A common stock in the foreseeable future. Vantiv, Inc. is a holding company that does not conduct any business operations of its own. As a result, Vantiv, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Vantiv Holding. The amounts available to Vantiv, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' loan agreements.

In addition to principal needs for liquidity discussed above, our strategy includes investing in and leveraging our integrated business model and technology platform, broadening and deepening our distribution channels, entry into new geographic markets and development of additional payment processing services. Our near-term priorities for capital allocation include investing in our operations to support organic growth, debt reduction and share repurchases. Long-term priorities remain unchanged and include investing for growth through strategic acquisitions and returning excess capital to shareholders.

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 thereof. We cannot assure you that we will 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 years ended December 31, 2016, 2015 and 2014 (in thousands).

	Year Ended December 31,		
	2016	2015	2014
Net cash provided by operating activities	$ 668,590	$ 757,878	$ 592,905
Net cash used in investing activities	(570,121)	(126,727)	(1,798,956)
Net cash (used in) provided by financing activities	(156,417)	(845,623)	1,446,192

Cash Flow from Operating Activities

Net cash provided by operating activities was $668.6 million for the year ended December 31, 2016 as compared to $757.9 million for the year ended December 31, 2015. The decrease is due primarily to an increase in accounts receivable balance and a decrease in net settlement assets and obligations. Settlement assets and obligations can fluctuate due to seasonality as well as day of the month end.

Net cash provided by operating activities was $757.9 million for the year ended December 31, 2015 as compared to $592.9 million for the year ended December 31, 2014. The increase is due primarily to an increase in net income, changes in working capital including the favorable impact of year-over-year changes in accounts receivable, prepaid and other assets and other liabilities, partially offset by customer incentives.

Cash Flow from Investing Activities

Net cash used in investing activities was $570.1 million for the year ended December 31, 2016 as compared to $126.7 million for the year ended December 31, 2015. The increase was primarily due to the acquisition of Moneris USA as well as an increase in capital expenditures and the premium paid to enter into the interest rate caps.

Net cash used in investing activities was $126.7 million for the year ended December 31, 2015 as compared to $1,799.0 million for the year ended December 31, 2014. The decrease was primarily due to the acquisition of Mercury in the prior year.

Cash Flow from Financing Activities

Net cash used in financing activities was $156.4 million for the year ended December 31, 2016 as compared to $845.6 million for the year ended December 31, 2015. Cash used in financing activities during the year ended December 31, 2016 consisted primarily of payments and settlements made under tax receivable agreements, the repurchase of Class A common stock and distributions to non-controlling interests. Cash used in financing activities was partially offset by proceeds from the October 2016 debt refinancing.

Net cash used in financing activities was $845.6 million for the year ended December 31, 2015 as compared to net cash provided by financing activities of $1,446.2 million for the year ended December 31, 2014. Cash used in financing activities during the year ended December 31, 2015 consisted primarily of the repayment of debt and capital leases, including the early principal payment of $200 million on the term B loan on January 6, 2015, the Warrant Cancellation Agreement with Fifth Third, repurchases of Class A common stock, payments made under the tax receivable agreements and addendums and distributions to non-controlling interests. Cash provided by financing activities during the year ended December 31, 2014 consisted primarily of proceeds from the June 2014 refinancing, partially offset by the repayment of existing debt and related debt issuance costs, repurchases of Class A common stock and distributions to non-controlling interests.

Credit Facilities

On October 14, 2016, Vantiv, LLC completed a debt refinancing by entering into a second amended and restated loan agreement ("Second Amended Loan Agreement"). The Second Amended Loan Agreement provides for senior secured credit facilities comprised of a $2.5 billion tranche A loan maturing in October 2021, a $765.0 million tranche B loan maturing in October 2023 and a $650.0 million revolving credit facility maturing in October 2021.

At December 31, 2016, we have $2.5 billion and $765.0 million outstanding under our term A and term B loans, respectively, and there were no outstanding borrowings on our revolving credit facility. See additional discussion in Note 6 - Long-Term Debt in “Item 8 - Financial Statements and Supplementary Data.”

The Second Amended Loan Agreement requires us to maintain a leverage ratio no greater than established thresholds (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 based on the last four fiscal quarters, commencing on September 30, 2016. 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)
July 1, 2016 to September 30, 2016	6.25 to 1.00	4.00 to 1.00
December 31, 2016 to September 30, 2017	5.50 to 1.00	4.00 to 1.00
December 31, 2017 to September 30, 2018	4.75 to 1.00	4.00 to 1.00
December 31, 2018 and thereafter	4.25 to 1.00	4.00 to 1.00

As of December 31, 2016, we were in compliance with these covenants with a leverage ratio of 3.44 to 1.00 and an interest coverage ratio of 9.29 to 1.00.

Interest Rate Swaps and Caps

As of December 31, 2016, we have a total of 10 outstanding interest rate swaps and 6 interest rate cap agreements that were designated as cash flow hedges of interest rate risk. See Note 8 - Derivatives in “Item 8 - Financial Statements and Supplementary Data” for more information about the interest rate swaps and caps.

Tax Receivable Agreements

As of December 31, 2016, we are party to several TRAs in which we agree to make payments to various parties of 85% of the federal, state, local and foreign income tax benefits realized by us as a result of certain tax deductions. Payments under the TRAs will be based on our tax reporting positions and are only required to the extent we realize cash savings as a result of the underlying tax attributes. The cash savings realized by us are computed by comparing our actual income tax liability to the amount of such taxes we would have been required to pay had there been no deductions related to the tax attributes discussed below. We will retain the benefit of the remaining 15% of the cash savings associated with the TRAs. We currently have the following TRAs:

- TRAs with investors prior to our initial public offering (“IPO”) for its use of NPC Group, Inc. net operating losses (“NOLs”) and other tax attributes existing at the IPO date under the NPC TRA, all of which is currently held by Fifth Third.

- The Fifth Third TRA in which we realize tax deductions as a result of the increases in tax basis from the purchase of Vantiv Holding units or from the exchange of Vantiv Holding units for cash or shares of Class A common stock, as well as the tax benefits attributable to payments made under such TRAs.

- A TRA with Mercury shareholders (the “Mercury TRA”) as part of the acquisition of Mercury as a result of the increase in tax basis of the assets of Mercury resulting from the acquisition and the use of the net operating losses and other tax attributes of Mercury that were acquired as part of the acquisition.

Obligations recorded pursuant to the TRAs are based on estimates of future taxable income and future tax rates. On an annual basis, we evaluate the assumptions underlying the TRA obligations.

During 2016, we terminated a portion of our obligations under the Fifth Third TRA. In addition to the Fifth Third TRA settlement, the Fifth Third TRA Addendum contains the following provisions to acquire a significant portion of the remaining Fifth Third TRA:

- The Fifth Third TRA Addendum provided that we may be obligated to pay up to a total of approximately $170.7 million to Fifth Third to terminate and settle certain remaining obligations under the Fifth Third TRA and the NPC

TRA, totaling an estimated $394.1 million, the difference of which will be recorded as an addition to paid-in capital upon the exercise of the Call Options or Put Options (as defined below).

Under the terms of the Fifth Third TRA Addendum, beginning March 1, 2017, June 1, 2017, September 1, 2017, December 1, 2017, March 1, 2018, June 1, 2018, September 1, 2018 and December 1, 2018, and ending March 10, 2017, June 10, 2017, September 10, 2017, December 10, 2017, March 10, 2018, June 10, 2018, September 10, 2018 and December 10, 2018, respectively, we are granted call options (collectively, the "Call Options") pursuant to which certain of our additional obligations under the Fifth Third TRA and the NPC TRA would be terminated and settled in consideration for cash payments of $15.1 million, $15.6 million, $16.1 million, $16.6 million, $25.6 million, $26.4 million, $27.2 million and $28.1 million, respectively.

- Under the terms of the Fifth Third TRA Addendum, in the unlikely event we do not exercise the relevant Call Option, Fifth Third is granted put options beginning March 20, 2017, June 20, 2017, September 20, 2017, December 20, 2017, March 20, 2018, June 20, 2018, September 20, 2018 and December 20, 2018, and ending March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, respectively (collectively, the "Put Options"), pursuant to which certain of our additional obligations would be terminated and settled in consideration for cash payments with similar amounts to the Call Options.

Since Fifth Third is a significant stockholder, a special committee of our board of directors comprised of independent, disinterested directors authorized the TRA Addendum.

During 2015, we entered into the Mercury TRA Addendum with each of the pre-acquisition owners of Mercury ("Mercury TRA Holders"). The Mercury TRA Addendum contains the following provisions to acquire a significant portion of the Mercury TRA:

- Beginning December 1st of each of 2015, 2016, 2017, and 2018, and ending June 30th of 2016, 2017, 2018, and 2019, respectively, we are granted call options (collectively, the "Call Options") pursuant to which certain of our additional obligations under the Mercury TRA would be terminated in consideration for cash payments of $41.4 million, $38.1 million, $38.0 million, and $43.0 million, respectively.

- In the unlikely event we do not exercise the relevant Call Option, the Mercury TRA Holders are granted put options beginning July 10th and ending July 25th of each of 2016, 2017, 2018, and 2019, respectively (collectively, the "Put Options"), pursuant to which certain of our additional obligations would be terminated in consideration for cash payments with similar amounts to the Call Options.

- During June 2016, we exercised our first call option under the Mercury TRA Addendum and made a related $41.4 million settlement payment to the Mercury TRA Holders.

Except to the extent our obligations under the Mercury TRA, the Fifth Third TRA and the NPC TRA have been terminated and settled in full in accordance with the terms of the Mercury TRA and Fifth Third TRA Addendums, the Mercury TRA, Fifth Third TRA and the NPC TRA will each remain in effect, and the parties thereto will continue to have all rights and obligations thereunder.

All TRA obligations are recorded based on the full and undiscounted amount of the expected future payments, except for the Mercury TRA which represents contingent consideration relating to an acquired business, and is recorded at fair value for financial reporting purposes (see Note 15 - Fair Value Measurements in "Item 8 - Financial Statements and Supplementary Data"). The following table reflects TRA activity and balances for the year ended December 31, 2016 (in thousands):

	Balance as of December 31, 2015	2016 TRA Payment	2016 TRA Settlements	2016 Secondary Offering	Change in Value	Balance as of December 31, 2016
TRA with Fifth Third Bank	$ 833,061	$ (31,233)	$ (330,711)	$ 171,162	$ 53	$ 642,332
Mercury TRA	191,207	(22,241)	(41,400)	—	19,474	147,040
Total	$ 1,024,268	$ (53,474)	$ (372,111)	$ 171,162	$ 19,527	$ 789,372

The timing and/or amount of aggregate payments due under the TRAs outside of the call/put structures may vary based on a number of factors, including the amount and timing of the taxable income we generate 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 5th of the second year immediately following the taxable year in which the obligation occurred. We

made a payment under the TRA obligations of approximately $55.7 million in January 2017. The January 2017 payment is recorded as current portion of tax receivable agreement obligations on the accompanying consolidated statement of financial position. Unless settled under the terms of the repurchase addenda, the term of the TRAs will continue until all the underlying tax benefits have been utilized or expired.

If Fifth Third Bank had exchanged its remaining Class B units of Vantiv Holding all for shares of Class A common stock on December 31, 2016, we would have recorded an additional full and undiscounted TRA obligation of approximately $1.1 billion. This estimate is subject to material change based on changes in Fifth Third Bank's tax basis in the partnership interest, changes in tax rates, or significant changes in our stock price.

See additional discussion in Note 7 - Tax Receivable Agreements in "Item 8 - Financial Statements and Supplementary Data."

Contractual Obligations

The following table summarizes our contractual obligations and commitments as of December 31, 2016:

		Payments Due By Period			
	Total	**Less than 1 year**	**1 - 3 Years**	**3 - 5 Years**	**More than 5 Years**
			(in thousands)		
Operating leases	$ 44,769	$ 9,704	$ 13,445	$ 8,423	$ 13,197
Capital leases	21,674	8,221	13,453	—	—
Borrowings[1]	3,700,888	223,281	435,815	2,271,518	770,274
Purchase commitments[2][3]	143,823	52,681	28,982	24,910	37,250
Obligations under TRAs[4]	589,684	157,150	270,501	15,979	146,054
Total	$ 4,500,838	$ 451,037	$ 762,196	$ 2,320,830	$ 966,775

(1) Represents principal and variable interest payments due under our senior secured credit facilities and the loan agreement for our corporate headquarters facility as of December 31, 2016. Interest payments are approximately as follows: $92.2 million for less than 1 year; $173.4 million for 1 - 3 years; $147.3 million for 3 - 5 years and $43.5 million for more than 5 years. Variable interest payments were calculated using interest rates as of December 31, 2016.

(2) Includes obligations related to software licenses, software maintenance support and telecommunication and network services.

(3) We have agreements with third-party processors to provide gateway authorization and other processing services. These agreements require us to submit a minimum number of transactions for processing. If we submit a number of transactions that is less than the minimum, we are required to pay the third party processor's fees that they would have received if we had submitted the required minimum number of transactions. Processing services includes amounts due under network sponsorship agreements.

(4) Represents estimated TRA payments to various parties and cash payments to exercise the call options pursuant to which certain additional obligations of the Company under the Fifth Third and Mercury TRAs would be terminated. See Note 7 - Tax Receivable Agreements in "Item 8 - Financial Statements and Supplementary Data" for more details.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our audited 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 critical estimates giving consideration to a combination of factors, including historical experience, current conditions 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.

The accounting policies we believe to be most critical to understanding our financial results and condition and that require complex and subjective management judgments are discussed below.

Revenue Recognition

We have contractual agreements with our 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.

We follow guidance provided in ASC 605-45, *Principal Agent Considerations*. ASC 605-45, *Principal Agent Considerations,* states that the determination of 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. We recognize processing revenues net of interchange fees, which are assessed to our merchant customers on all processed transactions. Interchange rates are not controlled by us, in which we effectively act 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 we contract directly with the end customer, assume the risk of loss and have pricing flexibility.

Goodwill and Intangible Assets

In accordance with ASC 350, *Intangibles—Goodwill and Other*, we test goodwill for impairment for each reporting unit on an annual basis, or when events occur or circumstances 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. We performed our most recent annual goodwill impairment test for all reporting units as of July 31, 2016 in accordance with ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350) Testing Goodwill for Impairment," which permits us 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. The qualitative factors evaluated include macroeconomic conditions, industry and market considerations, cost structure changes, overall financial performance and our historical share price. 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 of acquired customer relationships, trade names, customer portfolios and related assets that are amortized over their estimated useful lives. We review finite lived intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

Off-Balance Sheet Arrangements

We have no off-balance sheet financing arrangements.

Item 7A. 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. We hedge a portion of our exposure to interest rate fluctuations through the utilization of interest rate swaps and caps in order to mitigate the risk of this exposure.

As of December 31, 2016 we had a total of 10 outstanding interest rate swaps. Of the 10 outstanding swaps, 4 of them cover an exposure period from June 2016 through June 2017 and have a combined notional balance of $1.1 billion. The remaining 6 interest rate swaps cover an exposure period from January 2016 through January 2019 and have a combined notional balance of $500 million. As of December 31, 2016, we had $1.7 billion of variable rate debt not subject to a fixed rate swap effective at December 31, 2016. However, we have 6 interest rate cap agreements with a combined $1.0 billion notional balance and a cap strike rate of 0.75% covering an exposure period from January 2017 to January 2020.

Based on the amount outstanding under our senior secured credit facilities at December 31, 2016, a change in one percentage point in variable interest rates, after the effect of our interest rate swaps effective at December 31, 2016, would cause an increase or decrease in interest expense of $16.8 million on an annual basis.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Vantiv, Inc.
Symmes Township, Ohio

We have audited the accompanying consolidated statements of financial position of Vantiv, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vantiv, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 8, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
February 8, 2017

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

	Year Ended December 31,		
	2016	2015	2014
Revenue:			
External customers	$ 3,504,129	$ 3,079,506	$ 2,496,899
Related party revenues	74,862	80,432	80,304
Total revenue	3,578,991	3,159,938	2,577,203
Network fees and other costs	1,674,230	1,478,202	1,174,665
Sales and marketing	582,251	503,949	396,353
Other operating costs	294,235	284,066	242,439
General and administrative	189,707	182,369	173,986
Depreciation and amortization	270,054	276,942	275,069
Income from operations	568,514	434,410	314,691
Interest expense—net	(109,534)	(105,736)	(79,701)
Non-operating income (expense)	(36,256)	(31,268)	177
Income before applicable income taxes	422,724	297,406	235,167
Income tax expense	141,853	88,177	66,177
Net income	280,871	209,229	168,990
Less: Net income attributable to non-controlling interests	(67,663)	(61,283)	(43,698)
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292
Net income per share attributable to Vantiv, Inc. Class A common stock:			
Basic	$ 1.37	$ 1.02	$ 0.88
Diluted	$ 1.32	$ 0.95	$ 0.75
Shares used in computing net income per share of Class A common stock:			
Basic	156,043,636	145,044,577	141,936,933
Diluted	162,115,549	200,934,442	199,170,813

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2016	2015	2014
Net income	$ 280,871	$ 209,229	$ 168,990
Other comprehensive income (loss), net of tax:			
Gain (loss) on cash flow hedges and other	4,053	(8,209)	(6,172)
Comprehensive income	284,924	201,020	162,818
Less: Comprehensive income attributable to non-controlling interests	(68,709)	(58,510)	(41,558)
Comprehensive income attributable to Vantiv, Inc.	$ 216,215	$ 142,510	$ 121,260

See Notes to Consolidated Financial Statements.

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

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 139,148	$ 197,096
Accounts receivable—net	940,052	680,033
Related party receivable	1,751	3,999
Settlement assets	152,490	143,563
Prepaid expenses	39,229	31,147
Other	15,188	61,661
Total current assets	1,287,858	1,117,499
Customer incentives	67,288	57,984
Property, equipment and software—net	348,553	308,009
Intangible assets—net	787,820	863,066
Goodwill	3,738,589	3,366,528
Deferred taxes	771,139	731,622
Other assets	42,760	20,718
Total assets	$ 7,044,007	$ 6,465,426
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 471,979	$ 364,878
Related party payable	3,623	4,698
Settlement obligations	801,381	677,502
Current portion of note payable to related party	7,557	10,353
Current portion of note payable	123,562	106,148
Current portion of tax receivable agreement obligations to related parties	191,014	31,232
Current portion of tax receivable agreement obligations	60,400	64,227
Deferred income	7,907	14,470
Current maturities of capital lease obligations	7,870	7,931
Other	13,719	13,940
Total current liabilities	1,689,012	1,295,379
Long-term liabilities:		
Note payable to related party	143,577	181,169
Note payable	2,946,026	2,762,469
Tax receivable agreement obligations to related parties	451,318	801,829
Tax receivable agreement obligations	86,640	126,980
Capital lease obligations	13,223	21,801
Deferred taxes	62,148	15,836
Other	44,774	34,897
Total long-term liabilities	3,747,706	3,944,981
Total liabilities	5,436,718	5,240,360
Commitments and contingencies (See Note 10 - Commitments, Contingencies and Guarantees)		
Equity:		
Class A common stock, $0.00001 par value; 890,000,000 shares authorized; 161,134,831 shares outstanding at December 31, 2016; 155,488,326 shares outstanding at December 31, 2015	1	1
Class B common stock, no par value; 100,000,000 shares authorized; 35,042,826 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	—	—
Preferred stock, $0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Paid-in capital	706,055	553,145
Retained earnings	689,512	476,304
Accumulated other comprehensive loss	(6,197)	(9,204)
Treasury stock, at cost; 2,710,195 shares at December 31, 2016 and 2,593,242 shares at December 31, 2015	(73,706)	(67,458)
Total Vantiv, Inc. equity	1,315,665	952,788
Non-controlling interests	291,624	272,278
Total equity	1,607,289	1,225,066
Total liabilities and equity	$ 7,044,007	$ 6,465,426

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2016	2015	2014
Operating Activities:			
Net income	$ 280,871	$ 209,229	$ 168,990
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	270,054	276,942	240,802
Write-off of intangible asset	—	—	34,267
Amortization of customer incentives	25,818	18,256	12,032
Amortization and write-off of debt issuance costs	22,584	8,376	31,956
Share-based compensation expense	35,871	30,492	42,171
Deferred taxes	79,668	55,280	32,469
Excess tax benefit from share-based compensation	(12,167)	(16,707)	(13,420)
Tax receivable agreements non-cash items	19,527	28,171	(25,838)
Other	467	(945)	—
Change in operating assets and liabilities:			
Accounts receivable and related party receivable	(212,862)	(70,194)	(94,326)
Net settlement assets and obligations	79,719	168,319	157,663
Customer incentives	(42,548)	(32,892)	(17,108)
Prepaid and other assets	39,636	11,324	(25,557)
Accounts payable and accrued expenses	92,749	57,861	53,172
Payable to related party	(1,075)	2,663	(433)
Other liabilities	(9,722)	11,703	(3,935)
Net cash provided by operating activities	668,590	757,878	592,905
Investing Activities:			
Purchases of property and equipment	(118,194)	(84,730)	(103,179)
Acquisition of customer portfolios and related assets and other	(23,627)	(41,997)	(29,596)
Purchase of investments	—	—	(7,487)
Purchase of derivative instruments	(21,523)	—	—
Cash used in acquisitions, net of cash acquired	(406,777)	—	(1,658,694)
Net cash used in investing activities	(570,121)	(126,727)	(1,798,956)
Financing Activities:			
Proceeds from issuance of long-term debt	3,234,375	—	3,443,000
Repayment of debt and capital lease obligations	(3,084,922)	(326,462)	(1,870,540)
Borrowings on revolving credit facility	1,250,000	177,000	—
Repayment of revolving credit facility	(1,250,000)	(177,000)	—
Payment of debt issuance costs	(20,115)	—	(38,092)
Proceeds from issuance of Class A common stock under employee stock plans	15,389	13,630	4,492
Warrant termination	—	(200,219)	—
Repurchase of Class A common stock	(81,369)	(200,406)	(59,364)
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(6,248)	(16,527)	(17,801)
Settlement of certain tax receivable agreements	(159,274)	(94,022)	—
Payments under tax receivable agreements	(53,474)	(22,805)	(8,639)
Excess tax benefit from share-based compensation	12,167	16,707	13,420
Distribution to non-controlling interests	(12,934)	(12,892)	(22,911)
Other	(12)	—	—
(Decrease) increase in cash overdraft	—	(2,627)	2,627
Net cash (used in) provided by financing activities	(156,417)	(845,623)	1,446,192
Net (decrease) increase in cash and cash equivalents	(57,948)	(214,472)	240,141
Cash and cash equivalents—Beginning of period	197,096	411,568	171,427
Cash and cash equivalents—End of period	$ 139,148	$ 197,096	$ 411,568
Cash Payments:			
Interest	$ 102,695	$ 98,971	$ 70,751
Taxes	51,140	6,565	35,157
Non-cash Items:			
Issuance of tax receivable agreements to related parties	$ 171,162	$ 376,597	$ 109,400

Issuance of tax receivable agreement as contingent consideration	—	—	137,860
Assets acquired under capital lease obligations	—	—	12,997

See Notes to Consolidated Financial Statements.

Vantiv, Inc.
CONSOLIDATED STATEMENT OF EQUITY
(In thousands)

	Total	Common Stock				Treasury Stock		Paid-in	Retained	Accumulated Other Comprehensive	Non-Controlling
		Class A		Class B							
	Equity	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Income (Loss)	Interests
Beginning Balance, January 1, 2016	$ 1,225,066	155,488	$ 1	35,043	$ —	2,593	$(67,458)	$ 553,145	$ 476,304	$ (9,204)	$ 272,278
Net income	280,871	—	—	—	—	—	—	—	213,208	—	67,663
Issuance of Class A common stock under employee stock plans, net of forfeitures	15,389	1,520	—	—	—	—	—	15,389	—	—	—
Excess tax benefit from employee share-based compensation	12,167	—	—	—	—	—	—	12,167	—	—	—
Repurchase of Class A common stock	(81,369)	(1,407)	—	—	—	—	—	(81,369)	—	—	—
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(6,248)	(117)	—	—	—	117	(6,248)	—	—	—	—
Exercise of warrant	—	5,651	—	—	—	—	—	25,022	—	—	(25,022)
Termination of certain tax receivable agreements	130,318	—	—	—	—	—	—	130,318	—	—	—
Issuance of tax receivable agreements	4,117	—	—	—	—	—	—	4,117	—	—	—
Unrealized gain on hedging activities, net of tax	4,053	—	—	—	—	—	—	—	—	3,007	1,046
Distribution to non-controlling interests	(12,934)	—	—	—	—	—	—	—	—	—	(12,934)
Share-based compensation	35,871	—	—	—	—	—	—	29,317	—	—	6,554
Other	(12)	—	—	—	—	—	—	(12)	—	—	—
Reallocation of non-controlling interests of Vantiv Holding due to change in ownership	—	—	—	—	—	—	—	17,961	—	—	(17,961)
Ending Balance, December 31, 2016	$ 1,607,289	161,135	$ 1	35,043	$ —	2,710	$(73,706)	$ 706,055	$ 689,512	$ (6,197)	$ 291,624

See Notes to Consolidated Financial Statements.

Vantiv, Inc.
CONSOLIDATED STATEMENT OF EQUITY
(In thousands)

	Total Equity	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests
Beginning Balance, January 1, 2015	$ 1,300,586	145,455	$ 1	43,043	$ —	2,174	$(50,931)	$ 629,353	$ 328,358	$ (3,768)	$ 397,573
Net income	209,229	—	—	—	—	—	—	—	147,946	—	61,283
Issuance of Class A common stock under employee stock plans, net of forfeitures	13,630	1,523	—	—	—	—	—	13,630	—	—	—
Excess tax benefit from employee share-based compensation	16,707	—	—	—	—	—	—	16,707	—	—	—
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(16,527)	(419)	—	—	—	419	(16,527)	—	—	—	—
Warrant retirement	(144,568)	—	—	—	—	—	—	(129,173)	—	—	(15,395)
Issuance of Class A common stock and cancellation of Class B common stock in connection with secondary offering	—	8,000	—	(8,000)	—	—	—	—	—	—	—
Repurchase of Class A common stock	(200,406)	(4,446)	—	—	—	—	—	(200,406)	—	—	—
Termination of certain tax receivable agreements	58,191	—	—	—	—	—	—	58,191	—	—	—
Partial exercise of warrant	—	5,375	—	—	—	—	—	25,022	—	—	(25,022)
Issuance of tax receivable agreements	(21,167)	—	—	—	—	—	—	(21,167)	—	—	—
Unrealized loss on hedging activities and other, net of tax	(8,209)	—	—	—	—	—	—	—	—	(5,436)	(2,773)
Distribution to non-controlling interests	(12,892)	—	—	—	—	—	—	—	—	—	(12,892)
Share-based compensation	30,492	—	—	—	—	—	—	23,588	—	—	6,904
Reallocation of non-controlling interests of Vantiv Holding due to change in ownership	—	—	—	—	—	—	—	137,400	—	—	(137,400)
Ending Balance, December 31, 2015	$ 1,225,066	155,488	$ 1	35,043	$ —	2,593	$(67,458)	$ 553,145	$ 476,304	$ (9,204)	$ 272,278

See Notes to Consolidated Financial Statements.

Vantiv, Inc.
CONSOLIDATED STATEMENT OF EQUITY
(In thousands)

	Total Equity	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests
Beginning Balance, January 1, 2014	$ 1,176,322	141,759	$ 1	48,823	$ —	1,607	$(33,130)	$597,730	$ 203,066	$ 264	$ 408,391
Net income	168,990	—	—	—	—	—	—	—	125,292	—	43,698
Issuance of Class A common stock under employee stock plans, net of forfeitures	4,492	419	—	—	—	—	—	4,492	—	—	—
Excess tax benefit from employee share-based compensation	13,420	—	—	—	—	—	—	13,420	—	—	—
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(17,801)	(567)	—	—	—	567	(17,801)	—	—	—	—
Issuance of Class A common stock and cancellation of Class B common stock in connection with secondary offering	—	5,780	—	(5,780)	—	—	—	—	—	—	—
Repurchase of Class A common stock	(59,364)	(1,936)	—	—	—	—	—	(59,364)	—	—	—
Issuance of tax receivable agreements	(17,400)	—	—	—	—	—	—	(17,400)	—	—	—
Unrealized loss on hedging activities and other, net of tax	(6,172)	—	—	—	—	—	—	—	—	(4,032)	(2,140)
Formation of joint venture	18,839	—	—	—	—	—	—	—	—	—	18,839
Distribution to non-controlling interests	(22,911)	—	—	—	—	—	—	—	—	—	(22,911)
Share-based compensation	42,171	—	—	—	—	—	—	32,103	—	—	10,068
Reallocation of non-controlling interests of Vantiv Holding due to change in ownership	—	—	—	—	—	—	—	58,372	—	—	(58,372)
Ending Balance, December 31, 2014	$ 1,300,586	145,455	$ 1	43,043	$ —	2,174	$(50,931)	$629,353	$ 328,358	$ (3,768)	$ 397,573

See Notes to Consolidated Financial Statements.

Vantiv, Inc.
NOTES TO 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 and operates in two reportable segments, Merchant Services and Financial Institution Services. For more information about the Company's segments, refer to Note 19 - Segment Information. The Company markets its services through diverse distribution channels, including national, regional and mid-market sales teams, third-party reseller clients and a telesales operation. The Company also has relationships with a broad range of referral partners that include merchant banks, independent software vendors ("ISVs"), value-added resellers ("VARs"), payment facilitators, independent sales organizations ("ISOs") and trade associations as well as arrangements with core processors.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include those of Vantiv, Inc. and all subsidiaries thereof, including its majority-owned subsidiary, Vantiv Holding, LLC. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated.

As of December 31, 2016, Vantiv, Inc. and Fifth Third owned interests in Vantiv Holding of 82.14% and 17.86%, respectively (see Note 9 - Controlling and Non-controlling Interests for changes in non-controlling interests).

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

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. The Company has an agreement with Fifth Third (the "Sponsoring Member") to provide sponsorship services to the Company through December 31, 2024. 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.

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,* which states that the determination of 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 referral partners 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 machine ("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 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* primarily consist of pass through expenses incurred by the Company in connection with providing processing services to its clients, including Visa and Mastercard network association fees, payment network fees, third party processing fees, telecommunication charges, postage and card production costs.

- *Sales and marketing* expense primarily consists of salaries and benefits paid to sales personnel, sales management and other sales and marketing personnel, residual payments made to referral partners, and advertising and promotional costs.

- *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 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 income (expense):*
  - Non-operating expense for the year ended December 31, 2016 relates to the change in fair value of the Mercury TRA entered into as part of the acquisition of Mercury (see Note 7 - Tax Receivable Agreements) and a charge related to the refinancing of the Company's senior secured credit facilities in October 2016 (see Note 6 - Long-Term Debt).
  - Non-operating expense for the year ended December 31, 2015 primarily relates to the change in the fair value of the Mercury TRA (see Note 7 - Tax Receivable Agreements).
  - Non-operating income for the year ended December 31, 2014, consists of a benefit recorded as a result of a reduction in certain TRA liabilities (see Note 7 - Tax Receivable Agreements), partially offset by a charge related to the refinancing of the Company's senior secured credit facilities in June 2014 (see Note 6 - Long-Term Debt) and the change in fair value of the Mercury TRA (see Note 7 - Tax Receivable Agreements).

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. See Note 13 - Share-Based Compensation Plans for further discussion.

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., adjusted as necessary for the impact of potentially dilutive securities, 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 16 - Net Income 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 December 31, 2016 and 2015, the Company had recorded no valuation allowances against deferred tax assets. See Note 14 - Income Taxes for further discussion of income taxes.

Cash and Cash Equivalents

Cash on hand and investments with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents.

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 December 31, 2016 and 2015, the allowance for doubtful accounts was not material to the Company's statements 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, Equipment and Software—net

Property, equipment and software consists of the Company's facilities, furniture and equipment, software, land and leasehold improvements. Facilities, furniture and equipment and software are depreciated on a straight-line basis over their respective useful lives. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement or the term of the lease. Also included in property, equipment and software is work in progress consisting of costs associated with software developed for internal use which has not yet been placed in service.

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. 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. See Note 3 - Property, Equipment and Software for additional information.

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 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, 2016 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. There have been no other events or changes in circumstances subsequent to the testing date that would indicate impairment of these reporting units as of December 31, 2016.

Intangible assets consist of acquired customer relationships, trade names, customer portfolios and related assets that are amortized over their estimated useful lives. The Company reviews finite lived intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. As of December 31, 2016, there have been no such events or circumstances that would indicate potential impairment of finite lived intangible assets.

Subsequent to the Mercury acquisition in June 2014, the Company decided to phase out an existing trade name used in the ISO channel within the Merchant Services segment. As a result of this decision, the remaining useful life was changed from indefinite to definite which resulted in the Company recording a charge to amortization expense of $34.3 million during the quarter ended June 30, 2014. The remaining fair value was amortized on a straight-line basis over the remaining estimated useful life of two years from July 2014 to June 2016.

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.

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) ("AOCI") and will be recognized in the statement of income when the hedged item affects earnings. The Company does not enter into derivative financial instruments for speculative purposes.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation- Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* The update simplifies several aspects of the accounting for share-based payment award transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The update is effective for public companies for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period. The impact of adopting this standard on the Company's consolidated financial statements is dependent upon the intrinsic value of share-based compensation awards at the time of exercise or vesting and may result in more variability in effective tax rates and net earnings and may also impact the diluted shares. The Company will adopt this ASU on January 1, 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than 12 months on the balance sheet and disclosing key information about the lease arrangements. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. The Company is forming a project team to evaluate the impact of the adoption of this principle on the Company's consolidated financial statements. The Company anticipates adopting this ASU on January 1, 2019.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* As of December 31, 2015, the Company elected to early adopt this ASU on a prospective basis and therefore, prior years were not retrospectively adjusted.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* This standard was clarified in August 2015 with the issuance of ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements: Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting*. The change in accounting principle, resulting from the Company's adoption of this ASU in December 2015, has been implemented and the results were not material to the Company's consolidated statement of financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers*. The ASU supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard, as amended, is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company has formed a project team and is currently assessing the impact of the adoption of this principle on the Company's consolidated financial statements. The Company anticipates adopting this ASU on January 1, 2018 using the modified retrospective approach.

2. BUSINESS COMBINATIONS

Acquisition of Moneris Solutions, Inc.

On December 21, 2016, the Company completed the acquisition of Moneris Solutions, Inc. ("Moneris USA") by acquiring 100% of the issued and outstanding shares. Moneris USA is a provider of payment processing solutions offering credit, debit, wireless and online payment services for merchants in virtually every industry segment. This acquisition helps to further accelerate the Company's growth.

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations* ("ASC 805"). The purchase price was allocated to the assets acquired and the 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, a portion of which is deductible for tax purposes. Goodwill, assigned to Merchant Services, consists primarily of the acquired workforce and growth opportunities, none of which qualify as an intangible asset. The preliminary purchase price allocation is as follows (in thousands):

Cash acquired	$	22,851
Current assets		44,967
Property and equipment		22
Intangible assets		75,000
Goodwill		372,061
Current liabilities		(63,322)
Deferred tax liability		(18,950)
Non-current liabilities		(3,001)
Total purchase price	$	429,628

The above estimated fair values of assets acquired and liabilities assumed are preliminary and are based on the information that was available as of the reporting date to estimate the fair value of assets acquired and liabilities assumed. The Company believes that the information provides a reasonable basis for estimating the fair values of the acquired assets and assumed liabilities, but the potential for measurement period adjustments exists based on the Company's continuing review of
matters related to the acquisition. The Company expects to complete the purchase price allocation as soon as practicable, but no later than one year from the acquisition date.

Intangible assets consist of customer relationship assets of $75 million with a weighted average estimated useful life of 5 years.

The Company incurred transaction expenses of approximately $12.3 million during the year ended December 31, 2016 in conjunction with the acquisition of Moneris USA, which are included within general and administrative expenses on the accompanying consolidated statement of income. From the acquisition date of December 21, 2016 through December 31, 2016, revenue and net income included in the accompanying statement of income for the year ended December 31, 2016 attributable to Moneris USA is not material.

The pro forma results of the Company reflecting the acquisition of Moneris USA were not material to our financial results and therefore have not been presented.

Acquisition of Mercury Payment Systems, LLC

On June 13, 2014, the Company completed the acquisition of Mercury Payment Systems, LLC ("Mercury"), acquiring all of the outstanding voting interest. Mercury was a payment technology and service leader whose solutions are integrated into point-of-sale software applications and brought to market through dealer and developer partners. This acquisition helps to accelerate the Company's growth in the integrated payments channel. Final measurement period adjustments were recorded in the second quarter of 2015 for the acquired assets and liabilities.

The following table summarizes the purchase price consideration for Mercury (in thousands):

Cash purchase price paid at closing	$	1,681,179
Fair value of contingent consideration related to a TRA		192,507
Total purchase price	$	1,873,686

The acquisition was accounted for as a business combination under ASC 805. The purchase price was allocated to the assets acquired and the 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, a significant portion of which is deductible for tax purposes. Goodwill, assigned to Merchant Services, consists primarily of the acquired workforce and growth opportunities, none of which qualify as an intangible asset. The final purchase price allocation is as follows (in thousands):

Cash acquired	$	22,485
Current assets		47,421
Property, equipment and software		32,257
Intangible assets		347,000
Goodwill		1,422,916
Deferred tax assets		43,054
Other non-current assets		767
Current and non-current liabilities		(42,214)
Total purchase price	$	1,873,686

Simultaneously and in connection with the completion of the Mercury acquisition, the Company entered into a Tax Receivable Agreement (the "Mercury TRA") with pre-acquisition owners of Mercury ("Mercury TRA Holders"). See Note 7 - Tax Receivable Agreements for further discussion of the Mercury TRA. The Mercury TRA is considered contingent consideration under ASC 805 as it is part of the consideration payable to the former owners of Mercury. In accordance with ASC 805, the contingent consideration is initially measured at fair value at the acquisition date and recorded as a liability. The Mercury TRA liability is therefore recorded at fair value based on estimates of discounted future cash flows associated with estimated payments to the Mercury TRA Holders. The liability recorded by the Company for the Mercury TRA obligations is re-measured at fair value at each reporting date with the change in fair value recognized in earnings as a non-operating expense.

Intangible assets consist of customer relationship assets of $332.0 million and a trade name of $15.0 million having weighted average estimated useful lives of 10 years and 2.5 years, respectively. The trade name was valued utilizing a relief from royalty method.

The Company incurred transaction and integration expenses of approximately $17.9 million during the year ended December 31, 2014 in conjunction with the acquisition of Mercury, which are included within general and administrative expenses and other operating costs on the accompanying consolidated statement of income. From the acquisition date of June 13, 2014 through December 31, 2014, revenue included in the accompanying statement of income for the year ended December 31, 2014 attributable to Mercury was approximately $217 million. Net income for the period could not be determined due to integration activities that were implemented subsequent to the acquisition.

Under the terms of the Mercury transaction agreement, the Company replaced unvested employee stock options held by certain employees of Mercury. The number of replacement stock options was based on a conversion factor into equivalent stock options of the Company on the acquisition date. The weighted average fair value of the replacement options was $32.1 million and was calculated on the acquisition date using the Black-Scholes option pricing model. The portion of the fair value of the replacement awards related to services provided prior to the acquisition of $17.7 million was part of the consideration transferred to acquire Mercury. The remaining portion of the fair value is associated with future service and will be recognized as expense over the future service period. See additional discussion in Note 13 - Share-Based Compensation Plans.

The following unaudited pro forma information shows the Company's results of operations for the year ended December 31, 2014 as if the Mercury acquisition had occurred January 1, 2013. The unaudited pro forma information is presented for informational purposes only and is not necessarily indicative of what would have occurred if the acquisition had been made as of that date, nor is it intended to be indicative of future operating results.

	Year Ended December 31, 2014 (in thousands, except share data)
Total revenue	$ 2,737,024
Income from operations	322,746
Net income including non-controlling interests	174,797
Net income attributable to Vantiv, Inc.	129,630
Net income per share attributable to Vantiv, Inc. Class A common stock:	
Basic	$ 0.91
Diluted	$ 0.78
Shares used in computing net income per share of Class A common stock:	
Basic	141,936,933
Diluted	199,170,813

The unaudited pro forma results include certain pro forma adjustments that were directly attributable to the business combination as follows:

- additional amortization expense that would have been recognized relating to the acquired intangible assets,
- adjustment of interest expense to reflect the additional borrowings of the Company in conjunction with the acquisition and removal of Mercury historical debt, and
- a reduction in non-operating expenses for acquisition-related transaction costs and debt refinancing costs incurred by the Company.

3. PROPERTY, EQUIPMENT AND SOFTWARE

A summary of the Company's property, equipment and software is as follows (in thousands):

	Estimated Useful Life	December 31, 2016	December 31, 2015
Land	N/A	$ 6,401	$ 6,401
Building and improvements	15 - 40 years	34,298	33,938
Furniture and equipment	2 - 10 years	171,104	134,191
Software	3 - 8 years	412,490	319,866
Leasehold improvements	3 - 10 years	8,846	8,885
Work in progress		25,094	45,061
Accumulated depreciation		(309,680)	(240,333)
Property, equipment and software - net		$ 348,553	$ 308,009

Depreciation and amortization expense related to property, equipment and software for the years ended December 31, 2016, 2015 and 2014 was $70.5 million, $76.6 million and $70.0 million, respectively.

4. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill, by business segment, are as follows (in thousands):

	Merchant Services	Financial Institution Services	Total
Balance as of December 31, 2014	$ 2,716,516	$ 574,850	$ 3,291,366
Goodwill attributable to acquisition of Mercury [(1)]	75,162	—	75,162
Balance as of December 31, 2015	2,791,678	574,850	3,366,528
Goodwill attributable to acquisition of Moneris USA	372,061	—	372,061
Balance as of December 31, 2016	$ 3,163,739	$ 574,850	$ 3,738,589

(1) Amount represents adjustments to goodwill associated with the acquisition of Mercury as a result of the finalization of purchase accounting.

Intangible assets consist of acquired customer relationships, trade names and customer portfolios and related assets. The useful lives of customer relationships are determined based on forecasted cash flows, which include estimates for customer attrition associated with the underlying portfolio of customers acquired. The customer relationships acquired in conjunction with acquisitions are amortized based on the pattern of cash flows expected to be realized taking into consideration expected revenues and customer attrition, which are based on historical data and the Company's estimates of future performance. These estimates result in accelerated amortization on certain acquired intangible assets.

Indefinite lived trade names are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Subsequent to the Mercury acquisition in June 2014, the Company decided to phase out an existing trade name used in the ISO channel. The trade name was originally expected to remain in use for the foreseeable future and therefore was deemed an indefinite lived intangible asset not subject to amortization. As a result of this decision, the remaining useful life was changed from indefinite to definite which resulted in the Company recording a charge to amortization expense of $34.3 million during the year ended December 31, 2014. The trade name was revalued utilizing an income approach using the relief-from-royalty method. The revised fair value of $6.7 million was subsequently amortized on a straight-line basis over the remaining estimated useful life of two years from July 2014 to June 2016.

The Company reviews finite lived intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

As of December 31, 2016 and 2015, the Company's finite lived intangible assets consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Customer relationship intangible assets	$ 1,671,581	$ 1,596,581
Trade name	—	21,733
Customer portfolios and related assets	178,480	129,734
Patents	955	366
	1,851,016	1,748,414
Less accumulated amortization on:		
Customer relationship intangible assets	980,595	821,580
Trade name	—	14,350
Customer portfolios and related assets	82,601	49,418
	1,063,196	885,348
Intangible assets, net	$ 787,820	$ 863,066

Customer portfolios and related assets acquired during the years ended December 31, 2016 and 2015 have weighted-average amortization periods of 4.4 years and 4.8 years, respectively. Amortization expense on intangible assets for the years

ended December 31, 2016, 2015 and 2014 was $199.6 million, $200.4 million and $205.1 million, respectively. For the year ended December 31, 2014, intangible amortization expense included the $34.3 million charge related to the phasing out of a trade name discussed above.

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

2017	$ 208,890
2018	190,639
2019	175,623
2020	97,702
2021	49,137

5. CAPITAL LEASES

The Company has various lease agreements for equipment that are classified as capital leases. The cost and accumulated depreciation of equipment under capital leases included in the accompanying statements of financial position within property and equipment were $36.6 million and $12.7 million, respectively, as of December 31, 2016 and $36.6 million and $4.4 million, respectively, as of December 31, 2015. Depreciation expense associated with capital leases for the years ended December 31, 2016, 2015, and 2014 was $8.3 million, $7.8 million and $6.0 million, respectively.

The future minimum lease payments required under capital leases and the present value of net minimum lease payments as of December 31, 2016 are as follows (in thousands):

	Amount
2017	$ 8,221
2018	8,969
2019	4,484
Total minimum lease payments	21,674
Less: Amount representing interest	(581)
Present value of minimum lease payments	21,093
Less: Current maturities of capital lease obligations	(7,870)
Long-term capital lease obligations	$ 13,223

6. LONG-TERM DEBT

As of December 31, 2016 and 2015, the Company's long-term debt consisted of the following (in thousands):

	December 31, 2016	December 31, 2015
Term A loan, maturing in October 2021[(1)]	$ 2,469,375	$ —
Term B loan, maturing in October 2023[(2)]	765,000	—
Term A loan, maturing on June 13, 2019[(3)]	—	1,896,250
Term B loan, maturing on June 13, 2021[(4)]	—	1,179,000
Leasehold mortgage, expiring on August 10, 2021[(5)]	10,131	10,131
Less: Current portion of note payable and current portion of note payable to related party	(131,119)	(116,501)
Less: Original issue discount	(3,631)	(6,024)
Less: Debt issuance costs	(20,153)	(19,218)
Note payable and note payable to related party	$ 3,089,603	$ 2,943,638

(1) Interest at a variable base rate (LIBOR) plus a spread rate (200 basis points) (total rate of 2.70% at December 31, 2016) and amortizing on a basis of 1.25% per quarter during each of the first twelve quarters (March 2017 through December 2019), 1.875% per quarter during the next four quarters (March 2020 through December 2020) and 2.50% during the next three quarters (March 2021 through September 2021) with a balloon payment due at maturity.

(2) Interest at a variable base rate (LIBOR) with a floor of 75 basis points plus a spread rate (250 basis points) (total rate of 3.25% at December 31, 2016) and amortizing on a basis of 0.25% per quarter, with a balloon payment due at maturity.

(3) Interest at a variable base rate (LIBOR) plus a spread rate (200 basis points) (total rate of 2.33% at December 31, 2015).

(4) Interest at a variable base rate (LIBOR) with a floor of 75 basis points plus a spread rate (300 basis points) (total rate of 3.75% at December 31, 2015).

(5) Interest payable monthly at a fixed rate of 6.22%.

2016 Debt Refinancing

On October 14, 2016, Vantiv, LLC completed a debt refinancing by entering into a second amended and restated loan agreement ("Second Amended Loan Agreement"). The Second Amended Loan Agreement provides for senior secured credit facilities comprised of a $2.5 billion term A loan, a $765.0 million term B loan and a $650.0 million revolving credit facility. The prior revolving credit facility was also terminated. The maturity date and debt service requirements relating to the new term A and term B loans are listed in the table above. The new revolving credit facility matures in October 2021 and includes a $100 million swing line facility and a $40 million letter of credit facility. The commitment fee rate for the unused portion of the revolving credit facility was 0.375% based on the Company's leverage ratio at December 31, 2016. During the year ended December 31, 2016, the Company periodically borrowed under its revolving credit facility and repaid the amounts prior to year end. There were no outstanding borrowings on the revolving credit facility at December 31, 2016.

As of December 31, 2016, Fifth Third held $151.1 million of the term A loans, which is presented as note payable to related party on the consolidated statements of financial position.

As a result of the Company's 2016 debt refinancing, the Company expensed approximately $16.6 million, which consisted primarily of the write-offs of unamortized deferred financing fees and original issue discount ("OID") associated with the component of the refinancing accounted for as a debt extinguishment and certain third party costs incurred in connection with the refinancing. Amounts expensed in connection with the refinancing are recorded as a component of non-operating expenses in the accompanying consolidated statement of income for the year ended December 31, 2016.

2014 Debt Refinancing

On June 13, 2014, Vantiv, LLC completed a debt refinancing by entering into an amended and restated loan agreement ("Amended Loan Agreement"). The Amended Loan Agreement provided for senior secured credit facilities comprised of a $2.05 billion term A loan, a $1.4 billion term B loan and a $425 million revolving credit facility. Proceeds from the refinancing were primarily used to fund the Mercury acquisition and repay the prior term A loan with an outstanding balance of approximately $1.8 billion as of the date of refinancing. The related revolving credit facility was also terminated. The revolving credit facility originally matured in June 2019 and included a $100 million swing line facility and a $40 million letter of credit

facility. The commitment fee rate for the unused portion of the revolving credit facility was 0.375% per year. During the year ended December 31, 2015, the Company periodically borrowed under its revolving credit facility and repaid the amounts prior to year end. There were no outstanding borrowings on the revolving credit facility at December 31, 2015.

As of December 31, 2015, Fifth Third held $191.5 million of the term A loans, which is presented as note payable to related party on the consolidated statements of financial position.

On January 6, 2015, the Company made an early principal payment of $200 million on the term B loan. The Company expensed approximately $1.8 million in non-operating expenses related to the write-off of deferred financing fees and OID in connection with the early principal payment.

As a result of the Company's 2014 debt refinancing, the Company expensed approximately $26.5 million, which consisted primarily of the write-offs of unamortized deferred financing fees and OID associated with the component of the refinancing accounted for as a debt extinguishment and certain third party costs incurred in connection with the refinancing. Amounts expensed in connection with the refinancing are recorded as a component of non-operating expenses in the accompanying consolidated statement of income for the year ended December 31, 2014.

Guarantees and Security

The Company’s debt obligations at December 31, 2016 are unconditional and are guaranteed by Vantiv Holding and certain of Vantiv Holding’s existing and subsequently acquired or organized domestic subsidiaries. The refinanced debt and related guarantees are secured on a first-priority basis (subject to liens permitted under the Second Amended Loan Agreement) by substantially all the capital stock (subject to a 65% limitation on pledges of capital stock of foreign subsidiaries and domestic holding companies of foreign subsidiaries) and personal property of Vantiv Holding and any obligors as well as any real property in excess of $25 million in the aggregate held by Vantiv Holding or any obligors (other than Vantiv Holding), subject to certain exceptions.

Covenants

There are certain financial and non-financial covenants contained in the Second Amended Loan Agreement for the refinanced debt, which are tested on a quarterly basis. The financial covenants require maintenance of certain leverage and interest coverage ratios. At December 31, 2016, the Company was in compliance with these financial covenants.

7. TAX RECEIVABLE AGREEMENTS

As of December 31, 2016, the Company is party to several TRAs in which the Company agrees to make payments to various parties of 85% of the federal, state, local and foreign income tax benefits realized by the Company as a result of certain tax deductions. Payments under the TRAs will be based on the tax reporting positions of the Company and are only required to the extent the Company realizes cash savings as a result of the underlying tax attributes. 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 deductions related to the tax attributes discussed below. The Company will retain the benefit of the remaining 15% of the cash savings associated with the TRAs. The Company has entered into the following three TRAs:

- TRAs with investors prior to our initial public offering (“IPO”) for its use of NPC Group, Inc. net operating losses (“NOLs”) and other tax attributes existing at the IPO date under the NPC TRA, all of which is currently held by Fifth Third.
- The Fifth Third TRA in which we realize tax deductions as a result of the increases in tax basis from the purchase of Vantiv Holding units or from the exchange of Vantiv Holding units for cash or shares of Class A common stock, as well as the tax benefits attributable to payments made under such TRAs.
- A TRA with Mercury shareholders (the “Mercury TRA”) as part of the acquisition of Mercury as a result of the increase in tax basis of the assets of Mercury resulting from the acquisition and the use of the net operating losses and other tax attributes of Mercury that were acquired as part of the acquisition.

Obligations recorded pursuant to the TRAs are based on estimates of future taxable income and future tax rates. On an annual basis, the Company evaluates the assumptions underlying the TRA obligations. As a result of this process, obligations under the tax receivable agreements with Fifth Third were adjusted in 2014 to reflect the impact of tax planning strategies implemented during the year which are expected to reduce the amount of future obligations. The Company recorded a benefit of $41.3 million in non-operating income (expense) during the year ended December 31, 2014 as a result of the reduction in the TRA obligations with Fifth Third.

As discussed in Note 2 - Business Combinations, the Company entered into the Mercury TRA and recorded a liability of $192.5 million for the Mercury TRA and non-operating expenses of $19.5 million, $28.9 million and $14.6 million related to the change in fair value of the Mercury TRA during the years ended December 31, 2016, 2015 and 2014, respectively.

From time to time, the Company enters into repurchase addendums providing for the early settlement of certain obligations. The following table presents the Company's TRA settlements and the impact of these settlements on the Company's consolidated statement of financial position (in thousands):

TRA	Settlement Date	Cash Buyout Payment	Balance Sheet Obligation Prior to Settlement	Deferred Taxes and Other	Net Gain Recorded in Equity
Fifth Third	July 2016	$ (116,294)	$ 330,711	$ 84,099	$ 130,318
Mercury	June 2016	(41,400)	41,400	—	—
Fifth Third	October 2015	(48,866)	140,024	32,967	58,191
Mercury	July 2015	(44,800)	44,800	—	—

As summarized in the table above, in July 2016, the Company entered into a purchase addendum in connection with the Company's TRA with Fifth Third (the "Fifth Third TRA Addendum") to terminate and settle a portion of the Company's obligations owed to Fifth Third under the Fifth Third TRA and the NPC TRA. Under the terms of the Fifth Third TRA Addendum, the Company paid approximately $116.3 million to Fifth Third to settle approximately $330.7 million of obligations under the Fifth Third TRA, the difference of which was recorded as an addition to paid-in capital, net of deferred taxes.

In addition to the July 2016 Fifth Third TRA settlement presented in the table above, the Fifth Third TRA Addendum provides that the Company may be obligated to pay up to a total of approximately $170.7 million to Fifth Third to terminate and settle certain remaining obligations under the Fifth Third TRA and the NPC TRA, totaling an estimated $394.1 million, the difference of which will be recorded as an addition to paid-in capital upon the exercise of the Call Options or Put Options discussed below.

Under the terms of the Fifth Third TRA Addendum, beginning March 1, 2017, June 1, 2017, September 1, 2017, December 1, 2017, March 1, 2018, June 1, 2018, September 1, 2018 and December 1, 2018, and ending March 10, 2017, June 10, 2017, September 10, 2017, December 10, 2017, March 10, 2018, June 10, 2018, September 10, 2018 and December 10, 2018, respectively, the Company is granted call options (collectively, the "Call Options") pursuant to which certain additional obligations of the Company under the Fifth Third TRA and the NPC TRA would be terminated and settled in consideration for cash payments of $15.1 million, $15.6 million, $16.1 million, $16.6 million, $25.6 million, $26.4 million, $27.2 million and $28.1 million, respectively.

Under the terms of the Fifth Third TRA Addendum, in the unlikely event the Company does not exercise the relevant Call Option, Fifth Third is granted put options beginning March 20, 2017, June 20, 2017, September 20, 2017, December 20, 2017, March 20, 2018, June 20, 2018, September 20, 2018 and December 20, 2018, and ending March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, respectively (collectively, the "Put Options"), pursuant to which certain additional obligations of the Company would be terminated and settled in consideration for cash payments with similar amounts to the Call Options.

The full carrying amount of the Fifth Third callable/puttable TRA obligations for the options exercisable within 12 months of the balance sheet date have been classified as current obligations in the accompanying statement of financial position ($157.7 million).

Since Fifth Third is a significant stockholder of the Company, a special committee of the Company's board of directors comprised of independent, disinterested directors authorized the TRA Addendum.

During 2015, the Company entered into the Mercury TRA Addendum with each of the pre-acquisition owners of Mercury ("Mercury TRA Holders"). The Mercury TRA Addendum contains the following provisions to acquire a significant portion of the Mercury TRA:

- Beginning December 1st of each of 2015, 2016, 2017, and 2018, and ending June 30th of 2016, 2017, 2018, and 2019, respectively, the Company is granted call options (collectively, the "Call Options") pursuant to which certain additional obligations of the Company under the Mercury TRA would be terminated in consideration for cash payments of $41.4 million, $38.1 million, $38.0 million, and $43.0 million, respectively.

- In the unlikely event the Company does not exercise the relevant Call Option, the Mercury TRA Holders are granted put options beginning July 10th and ending July 25th of each of 2016, 2017, 2018, and 2019, respectively (collectively, the "Put Options"), pursuant to which certain additional obligations of the Company would be terminated in consideration for cash payments with similar amounts to the Call Options.

- In June 2016, the Company exercised the December 2015 Call Option and made a payment to the Mercury TRA Holders.

The Company's President, Integrated Payments, is a Mercury TRA Holder. Pursuant to the initial payment under the Mercury TRA Addendum, this individual is entitled to receive an aggregate of $0.6 million, and could receive as much as an additional $2.2 million with respect to payments made pursuant to the Mercury TRA Addendum.

Except to the extent the Company's obligations under the Mercury TRA, the Fifth Third TRA and NPC TRA have been terminated and settled in full in accordance with the terms of the Mercury TRA and Fifth Third TRA Addendums, the Mercury TRA, Fifth Third TRA and NPC TRA will remain in effect, and the parties thereto will continue to have all rights and obligations thereunder.

All TRA obligations are recorded based on the full and undiscounted amount of the expected future payments, except for the Mercury TRA which represents contingent consideration relating to an acquired business, and is recorded at fair value for financial reporting purposes (see Note 15 - Fair Value Measurements). The following table reflects TRA activity and balances for the years ended December 31, 2016, 2015 and 2014 (in thousands):

	Balance as of December 31, 2013	2014 TRA Payment	2014 Secondary Offering	Acquisition of Mercury	Change in Value	Balance as of December 31, 2014
TRA with Fifth Third Bank	$ 559,700	$ (8,639)	$ 109,400	$ —	$ (40,399)	$ 620,062
Mercury TRA	—	—	—	137,860	14,560	152,420
Total	$ 559,700	$ (8,639)	$ 109,400	$ 137,860	$ (25,839)	$ 772,482

	Balance as of December 31, 2014	2015 TRA Payment	2015 TRA Settlements	2015 Secondary Offering	Purchase Accounting Adjustment	Change in Value	Balance as of December 31, 2015
TRA with Fifth Third Bank	$ 620,062	$ (22,805)	$ (140,024)	$ 376,597	$ —	$ (769)	$ 833,061
Mercury TRA	152,420	—	(44,800)	—	54,647	28,940	191,207
Total	$ 772,482	$ (22,805)	$ (184,824)	$ 376,597	$ 54,647	$ 28,171	$ 1,024,268

	Balance as of December 31, 2015	2016 TRA Payment	2016 TRA Settlements	2016 Secondary Offering	Change in Value	Balance as of December 31, 2016
TRA with Fifth Third Bank	$ 833,061	$ (31,233)	$ (330,711)	$ 171,162	$ 53	$ 642,332
Mercury TRA	191,207	(22,241)	(41,400)	—	19,474	147,040
Total	$ 1,024,268	$ (53,474)	$ (372,111)	$ 171,162	$ 19,527	$ 789,372

As a result of the secondary offerings and exchange of units of Vantiv Holding by Fifth Third Bank discussed in Note 12 - Capital Stock, the Company recorded the following (in thousands):

Secondary Offerings by Year	TRA Liability	Deferred Tax Asset	Net Equity
2016	$ 171,162	$ 175,279	$ (4,117)
2015	376,597	355,430	21,167
2014	109,400	92,000	17,400

The timing and/or amount of aggregate payments due under the TRAs outside of the call/put structures 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 5th of the second year immediately following the taxable year in which the obligation occurred. The contractually obligated payments under the TRA obligations paid in January 2014, 2015 and 2016 are in the tables above. The Company made a payment under the TRA obligations of approximately $55.7 million in January 2017. The January 2017 payment is recorded as current portion of tax receivable agreement obligations on the accompanying consolidated statement of financial position. Unless settled under the terms of the repurchase addenda, the term of the TRAs will continue until all the underlying tax benefits have been utilized or expired.

8. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company enters 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. As of December 31, 2016 and 2015, the Company's derivative instruments consisted of interest rate swaps, which hedged the variable rate debt by converting floating-rate payments to fixed-rate payments. In addition to the interest rate swaps, in March 2016 the Company entered into interest rate cap agreements in exchange for an upfront premium of $21.5 million. These interest rate cap agreements cap a portion of the Company's variable rate debt if interest rates rise above the strike rate on the contract. As of December 31, 2016 the interest rate cap agreements had a fair value of $23.2 million, classified within other current and non-current assets on the Company's consolidated statements of financial position. The interest rate swaps and caps (collectively "interest rate contracts") are designated as cash flow hedges for accounting purposes.

Accounting for Derivative Instruments

The Company recognizes derivatives in other current and non-current assets or liabilities in the accompanying consolidated statements of financial position at their fair values. Refer to Note 15 - Fair Value Measurements for a detailed discussion of the fair value of its derivatives. The Company designates its interest rate contracts 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 transactions, 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 for such derivative.

The Company's interest rate contracts qualify for hedge accounting under ASC 815, *Derivatives and Hedging*. Therefore, the effective portion of changes in fair value were recorded in AOCI and will be reclassified into earnings in the same period during which the hedged transactions affect earnings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company uses a combination of interest rate swaps

and caps as part of its interest rate risk management strategy. As of December 31, 2016, the Company had a total of 10 outstanding interest rate swaps that were designated as cash flow hedges of interest rate risk. Of the 10 outstanding interest rate swaps, 4 of them cover an exposure period from June 2016 through June 2017 and have a combined notional balance of $1.1 billion. The remaining 6 interest rate swaps cover an exposure period from January 2016 through January 2019 and have a combined notional balance of $500 million. Fifth Third is the counterparty to 4 of the 10 outstanding interest rate swaps with notional balances ranging from $262.5 million to $250.0 million. Additionally, as of December 31, 2016, the Company had a total of 6 interest rate cap agreements with a combined notional balance of $1.0 billion, cap strike rate of 0.75%, covering an exposure period from January 2017 to January 2020.

The Company does not offset derivative positions in the accompanying consolidated financial statements. The table below presents the fair value of the Company's derivative financial instruments designated as cash flow hedges included within the accompanying consolidated statements of financial position (in thousands):

	Consolidated Statement of Financial Position Location	December 31, 2016	December 31, 2015
Interest rate contracts	Other current assets	$ 2,144	$ —
Interest rate contracts	Other long-term assets	21,085	—
Interest rate contracts	Other current liabilities	9,551	9,343
Interest rate contracts	Other long-term liabilities	5,507	9,885

Any ineffectiveness associated with such derivative instruments will be recorded immediately as interest expense in the accompanying consolidated statements of income. As of December 31, 2016, the Company estimates that $11.2 million will be reclassified from accumulated other comprehensive income as an increase to interest expense during the next 12 months.

The table below presents the pre-tax effect of the Company's interest rate contracts on the accompanying consolidated statements of comprehensive income for the years ended December 31, 2016, 2015 and 2014 (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Derivatives in cash flow hedging relationships:			
Amount of loss recognized in OCI (effective portion) [1]	$ (6,858)	$ (18,836)	$ (11,240)
Amount of loss reclassified from accumulated OCI into earnings (effective portion)	(12,735)	(6,990)	(3,040)
Amount of loss recognized in earnings [2]	—	—	(1)

(1) "OCI" represents other comprehensive income.
(2) For the year ended December 31, 2014, amount represents hedge ineffectiveness.

Credit Risk Related Contingent Features

As of December 31, 2016, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $15.9 million.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of December 31, 2016, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions at December 31, 2016, it could have been required to settle its obligations under the agreements at their termination value of $15.9 million.

9. CONTROLLING AND NON-CONTROLLING INTERESTS

The Company has various non-controlling interests that are accounted for in accordance with ASC 810, *Consolidation* ("ASC 810"). 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 its subsidiaries and records non-controlling interest for the economic interests in Vantiv Holding held by Fifth Third. The

Exchange Agreement entered into prior to the IPO provides for a 1 to 1 ratio between the units of Vantiv Holding and the common stock of Vantiv, Inc.

In May 2014, the Company entered into a joint venture with a bank partner which provides customers a comprehensive suite of payment solutions. Vantiv Holding owns 51% and the bank partner owns 49% of the joint venture. The joint venture is consolidated by the Company in accordance with ASC 810, with the associated non-controlling interest included in “Net income attributable to non-controlling interests” in the consolidated statements of income. The bank partner contributed a merchant asset portfolio to the joint venture valued at $18.8 million which was recorded to non-controlling interests in the 2014 consolidated statement of equity.

As of December 31, 2016, Vantiv, Inc.’s interest in Vantiv Holding was 82.14%. Changes in units and related ownership interest in Vantiv Holding are summarized as follows:

	Vantiv, Inc.	Fifth Third	Total
As of December 31, 2014	145,455,008	43,042,826	188,497,834
% of ownership	*77.17%*	*22.83%*	
Fifth Third exchange of Vantiv Holding units for shares of Class A common stock in connection with December 2015 secondary offering	8,000,000	(8,000,000)	—
Fifth Third exchange of Class C units of Vantiv Holding for shares of Class A common stock in connection with partial warrant exercise	5,374,592	—	5,374,592
Share repurchases	(4,445,551)	—	(4,445,551)
Equity plan activity [1]	1,104,277	—	1,104,277
As of December 31, 2015	155,488,326	35,042,826	190,531,152
% of ownership	*81.61%*	*18.39%*	
Fifth Third exchange of Class C units of Vantiv Holding for shares of Class A common stock in connection with remaining warrant exercise	5,651,432	—	5,651,432
Share repurchases	(1,406,600)	—	(1,406,600)
Equity plan activity [1]	1,401,673	—	1,401,673
As of December 31, 2016	161,134,831	35,042,826	196,177,657
% of ownership	*82.14%*	*17.86%*	

[1] Includes stock issued under the equity plans less Class A common stock withheld to satisfy employee tax withholding obligations upon vesting or exercise of employee equity awards and forfeitures of restricted Class A common stock awards.

As a result of the changes in ownership interests in Vantiv Holding, periodic adjustments are made in order to reflect the portion of net assets of Vantiv Holding attributable to non-controlling unit holders based on changes in the proportionate ownership interests in Vantiv Holding during those periods.

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

	Year Ended December 31,		
	2016	2015	2014
Net income	$ 280,871	$ 209,229	$ 168,990
Items not allocable to non-controlling interests:			
Vantiv, Inc. expenses [1]	81,059	55,111	7,725
Vantiv Holding net income	$ 361,930	$ 264,340	$ 176,715
Net income attributable to non-controlling interests of Fifth Third [2]	$ 65,789	$ 58,938	$ 43,022
Net income attributable to joint venture non-controlling interest [3]	1,874	2,345	676
Total net income attributable to non-controlling interests	$ 67,663	$ 61,283	$ 43,698

(1) Primarily represents income tax expense related to Vantiv, Inc. and TRA related expense (credits) (see Note 7 - Tax Receivable Agreements).
(2) Net income attributable to non-controlling interests of Fifth Third reflects the allocation of Vantiv Holding's net income based on the proportionate ownership interests in Vantiv Holding held by the non-controlling unit holders. The net income attributable to non-controlling unit holders reflects the changes in ownership interests summarized in the table above.
(3) Reflects net income attributable to the non-controlling interest of the joint venture.

In connection with the separation from Fifth Third, Fifth Third received a warrant that allows for the purchase of up to 20.4 million Class C Non-Voting Units of Vantiv Holding at an exercise price of $15.98 per unit. The warrant was valued at approximately $65.4 million at June 30, 2009 and was recorded as a component of non-controlling interest on the accompanying statements of financial position.

On December 2, 2015, the Company entered into a warrant cancellation agreement (the "Warrant Cancellation Agreement") with Fifth Third to cancel a portion of the warrant. The Warrant Cancellation Agreement cancelled the rights under the warrant to purchase 4.8 million Class C Units of Vantiv Holding for aggregate consideration of $200 million paid by the Company to Fifth Third. Following the effectiveness of the Warrant Cancellation Agreement, Fifth Third net exercised a portion of the warrants it held to purchase 5.4 million Class C Units of Vantiv Holding. As of December 31, 2015, Fifth Third held the rights to purchase 7.8 million Class C Units of Vantiv Holding which are exchangeable for Class A common stock. The remaining warrant held by Fifth Third in the amount of $25 million was recorded as a component of non-controlling interest on the accompanying statements of financial position as of December 31, 2015.

On November 28, 2016, Fifth Third net exercised the remaining warrant it held to purchase approximately 5.7 million Class C Units of Vantiv Holding. The value of the warrant exercised in the amount of $25 million was reclassified out of non-controlling interests to additional paid-in capital on the accompanying statements of financial position.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Leases

The Company leases office space under non-cancelable operating leases that expire between March 2017 and December 2045. Future minimum commitments under these leases are as follows (in thousands):

Year Ended December 31,	
2017	9,704
2018	7,636
2019	5,809
2020	4,375
2021	4,048
Thereafter	13,197
Total	$ 44,769

Rent expense for the years ended December 31, 2016, 2015 and 2014 was approximately $9.4 million, $11.6 million and $9.9 million, respectively.

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.

11. EMPLOYEE BENEFIT PLANS

The Company offers a defined contribution savings plan to virtually all Company employees. The plan provides for elective, pre-tax or after tax participant contributions and Company matching contributions. Expenses associated with the defined contribution savings plan for the years ended December 31, 2016, 2015 and 2014 were $10.1 million, $9.1 million and $7.3 million, respectively.

12. CAPITAL STOCK

Common Stock

Under the Company's amended and restated certificate of incorporation, the Company is authorized to issue 890,000,000 shares of Class A common stock with a par value of $0.00001 per share and 100,000,000 shares of Class B common stock with no par value per share. The Class A and Class B common stock each provide holders with one vote on all matters submitted to a vote of stockholders; however, the holders of shares of Class B common stock shall be limited to voting power, including voting power associated with any Class A common stock held, of 18.5% at any time other than in connection with a stockholder vote with respect to a change of control. Also, holders of Class B common stock do not have any of the economic rights (including rights to dividends and distributions upon liquidation) provided to the holders of Class A common stock. The holders of Class B common stock hold one share of Class B common stock for each Vantiv Holding Class B unit they hold. The Class B units of Vantiv Holding may be exchanged for shares of Class A common stock on a one-for-one basis or, at the Company's option, for cash equal to the fair value of the shares tendered for exchange. Upon exchange of any Class B units of Vantiv Holding, an equal number of shares of Class B common stock automatically will be cancelled. The Class A common stock and Class B common stock vote together as a single class, except that the holders of Class B common stock are entitled to elect a number of the Company's directors equal to the percentage of the voting power of all of the outstanding common stock represented by the Class B common stock but not exceeding 18.5% of the board of directors. Fifth Third holds all of the issued and outstanding Class B common stock.

As of December 31, 2016, 161,134,831 shares of Class A common stock and 35,042,826 shares of Class B common stock were issued and outstanding.

Secondary Offerings

In March 2014, a secondary offering took place in which Advent sold its remaining 18.8 million shares of the Company's Class A common stock. In June 2014, a secondary offering took place in which Fifth Third sold 5.8 million shares of the Company's Class A common stock.

On December 8, 2015, subsequent to the Warrant Cancellation Agreement and the Partial Warrant Exercise on December 2, 2015 as discussed in Note 9 - Controlling and Non-Controlling Interests, a secondary offering took place in which Fifth Third sold 13.4 million shares of the Company's Class A common stock.

On November 28, 2016, subsequent to Fifth Third's exercise of the remaining warrant, a secondary offering took place in which Fifth Third sold approximately 4.8 million shares of the Company's Class A common stock.

The Company did not receive any proceeds from the sales noted above.

Share Repurchases

On February 12, 2014, the Company's board of directors approved a program to repurchase up to $300 million of the Company's Class A common stock. During the year ended December 31, 2014, approximately 1.9 million shares were repurchased under this program for approximately $59.4 million, which completed the remaining 2013 share repurchase authorization and resulted in approximately $275 million available under the February 2014 authorization. During the year ended December 31, 2015, approximately 4.4 million shares were repurchased for approximately $200 million.

On October 25, 2016, the board of directors authorized a program to repurchase up to an additional $250 million of the Company's Class A common stock. In connection with Fifth Third's net exercise of the remaining warrant discussed in Note 9 - Controlling and Non-controlling Interests, the Company repurchased approximately 850,000 shares of its Class A common stock from Fifth Third for approximately $50.8 million. During the year ended December 31, 2016, approximately $1.4 million shares were repurchased under the programs for approximately $81.4 million, which completed the repurchases under the February 2014 authorization and resulted in approximately $243 million available for repurchase under the October 2016 authorization. The repurchased shares were immediately retired.

Purchases under the programs may be made from time to time in the open market, in privately negotiated transactions, or otherwise. The manner, timing and amount of any purchases will be determined by management based on an evaluation of market conditions, stock price and other factors. The Company's share repurchase program does not obligate it to acquire any specific number or amount of shares, there is no guarantee as to the exact number or amount of shares that may be repurchased, if any, and the Company may discontinue purchases at any time that it determines additional purchases are not warranted.

Preferred Stock

Under the Company's amended and restated certificate of incorporation, the Company is authorized to issue 10,000,000 shares of preferred stock with a par value of $0.00001 per share. As of December 31, 2016, there was no preferred stock outstanding.

Dividend Restrictions

The Company does not intend to pay cash dividends on its Class A common stock in the foreseeable future. Vantiv, Inc. is a holding company that does not conduct any business operations of its own. As a result, Vantiv, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Vantiv Holding. The amounts available to Vantiv, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' loan agreements. As a result of the restrictions on distributions from Vantiv Holding and its subsidiaries, essentially all of the Company's consolidated net assets are held at the subsidiary level and are restricted as of December 31, 2016.

13. SHARE-BASED COMPENSATION PLANS

The company accounts for share-based compensation plans in accordance with ASC 718, *Compensation-Stock Compensation*, which requires compensation expense for the grant-date fair value of share-based payments to be recognized over the requisite service period.

2012 Equity Incentive Plan

The 2012 Equity Incentive Plan was adopted by the Company's board of directors in March 2012. The 2012 Equity Incentive 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 Incentive Plan is 35.5 million shares.

Restricted Stock Awards

The Company grants restricted stock awards to certain employees which vest based on the recipient's continued employment or service to the Company ("Time Awards").

The Company also grants restricted stock awards to certain employees subject to the achievement of certain financial performance measures ("Performance Awards"). These Performance Awards typically vest on the third anniversary of the grant date. Participants have the right to earn 0% to 200% of the target number of shares of the Company’s Class A common stock, determined by the level of achievement of the financial performance measures during the performance period.

The grant date fair value of the restricted stock awards is based on the quoted fair market value of our common stock on the grant date. The weighted-average grant date fair value of restricted stock awards granted during the years ended 2016 and 2015 was $50.08 and $38.10, respectively. There were no restricted stock awards granted in 2014. The total fair value of restricted stock awards vested was $1.2 million, $47.2 million and $53.4 million in 2016, 2015 and 2014, respectively.

The following table presents the number and weighted-average grant date fair value of the restricted stock awards for the year ended December 31, 2016:

	Restricted Class A Common Stock - Time Awards	Weighted Average Grant Date Fair Value	Restricted Class A Common Stock - Performance Awards	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2015	166,454	$ 35.22	332,840	$ 37.86
Granted	24,998	50.80	241,544	50.01
Vested	(24,089)	14.00	—	—
Forfeited	(6,053)	41.42	(27,646)	41.95
Non-vested at December 31, 2016	161,310	$ 40.57	546,738	$ 43.02

Restricted Stock Units

The Company issues restricted stock units to directors and certain employees, which typically vest on the first anniversary of the grant date (for directors) and in equal annual increments over three to four years beginning on the first anniversary of the date of grant (for employees). 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 weighted-average grant date fair value of restricted stock units granted during the years ended 2016, 2015 and 2014 was $51.75, $38.42 and $31.30, respectively. The total fair value of restricted stock units vested was $18.3 million, $10.5 million and $5.1 million in 2016, 2015 and 2014, respectively.

The following table presents the number and weighted-average grant date fair value of the restricted stock units for the year ended December 31, 2016:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2015	988,007	$ 31.24
Granted	420,817	51.75
Vested	(344,212)	28.06
Forfeited	(141,330)	36.40
Non-vested at December 31, 2016	923,282	$ 40.98

Stock Options

The Company grants 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.

During the year ended December 31, 2014, under the terms of the Mercury transaction agreement, the Company replaced unvested employee stock options held by certain employees of Mercury. The number of replacement stock options was based on a conversion factor into equivalent stock options of the Company on the acquisition date. The weighted average fair value of the replacement options was calculated on the acquisition date using the Black-Scholes option pricing model. The replacement stock options typically vest over four and a half years with 22.22% of the awards vesting after one year and the remainder in quarterly increments, subject to the participant’s continued service through each such vesting date. Per the applicable option agreement, if a participant is terminated without cause within the prescribed acceleration period (which range

from 12 to 24 months following the acquisition), then such replacement options shall immediately become fully vested and exercisable at the time of such termination to the extent not then vested and not previously cancelled. The replacement options are nonqualified stock options and expire on the tenth anniversary of the original grant date. See Note 2 - Business Combinations for additional details.

The following table summarizes stock option activity for the year ended December 31, 2016:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding options at December 31, 2015	2,310,243	$ 26.74	8.01	$ 47,780
Granted	695,666	50.02		
Exercised	(537,871)	21.43		18,379
Expired	(9,033)	31.39		
Forfeited	(257,563)	33.09		
Outstanding options at December 31, 2016	2,201,442	$ 35.21	7.72	$ 53,738
Options exercisable at December 31, 2016	608,076	$ 26.24	6.69	$ 20,299

For the years ended December 31, 2016, 2015, and 2014 the total aggregate intrinsic value of options exercised was $18.4 million, $17.5 million, and $4.4 million, respectively. The weighted-average grant date fair value was estimated by the Company using the Black-Scholes option pricing model with the assumptions below:

			2014	
	2016	2015	Vantiv Grant	Mercury Replacement Options
Number of options granted	695,666	707,738	710,297	1,750,519
Weighted average exercise price	$50.01 - $52.04	$37.10	$31.02	$10.18 - $29.79
Expected option life at grant (in years)	6.25	6.25	6.25	3.00 - 6.00
Expected volatility	24.77%	26.33%	25.00%	24.80% - 30.80%
Expected dividend yield	—%	—%	—%	—%
Risk-free interest rate	1.41% - 1.45%	1.67%	1.93%	0.93% - 1.96%
Fair value	$13.92 - $14.43	$11.04	$9.07	$17.75 - $22.10

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 was based on the U.S. Treasury yield curve in effect at the time of the grant.

Performance Share Units

The Company issues performance share units to certain employees subject to the achievement of certain financial performance measures. These performance share units vest on the third anniversary of the grant date. Participants have the right to earn 0% to 200% of the target number of shares of the Company’s Class A common stock, determined by the level of achievement of the financial performance measures during the three year performance period. In 2015 the Company also issued performance share units to certain employees subject to the achievement of certain financial and non-financial performance measures through 2018.

Additionally, associated with an acquisition in 2013, the Company issued performance share units to certain employees subject to the achievement of certain financial and non-financial performance measures through 2016.

The grant date fair value of the performance share units is based on the quoted fair market value of our common stock on the grant date. For the years ended December 31, 2016, 2015 and 2014, the weighted-average grant date fair value of performance share units granted was $50.04, $39.16, and $31.02, respectively, and the total fair value of performance share units vested was $17.1 million, $1.2 million, and $2.0 million, respectively.

The following table presents the number and weighted-average grant date fair value of the performance share units for the year ended December 31, 2016:

	Performance Share Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2015	472,518	$ 29.73
Granted	72,813	50.04
Incremental shares upon completion of performance goals	154,024	21.95
Vested	(325,459)	22.48
Forfeited	(57,195)	31.73
Non-vested at December 31, 2016	316,701	$ 37.70

The share-based compensation expense related to the performance share units granted in 2014 ("2014 PSUs") was initially estimated based on target performance and was adjusted as appropriate throughout the performance period based on the shares expected to be earned at that time. The 2014 PSUs are included in the table above as non-vested at December 31, 2016 at target, or 100%. On January 30, 2017, the Compensation Committee of the Company's Board of Directors certified the achievement of the performance goals for the 2014 PSUs, which had a performance period of January 1, 2014 to December 31, 2016, at the maximum 200% of the target number of shares (150,739 shares incremental to those included in the table above for the 2014 PSUs).

Employee Share Purchase Plan

In 2016 the Company began offering an Employee Stock Purchase Plan ("ESPP"). The ESPP has 2.5 million shares of common stock reserved for issuance. Full-time and benefits-eligible part-time employees who have completed at least one year of service are eligible to participate. Temporary, seasonal and employees subject to Section 16 reporting are excluded. Shares may be purchased at 85% of the market value at the end of the offering period through accumulation of payroll deductions. The ESPP provides for six month offerings commencing on January 1 and July 1 of each year with purchases on June 30 and December 31 of each year. For the year ended December 31, 2016, the expense related to the ESPP's 15% discount is included in total share-based compensation expense disclosed below.

For the years ended December 31, 2016, 2015 and 2014, total share-based compensation expense was $35.9 million, $30.5 million and $42.2 million, respectively. Related tax benefits recorded in the accompanying consolidated statements of income totaled $10.9 million in 2016, $8.8 million in 2015 and $12.9 million in 2014. At December 31, 2016, there was approximately $57.9 million of unrecognized share-based compensation expense, which is expected to be recognized over a remaining weighted-average period of approximately 2.4 years.

14. INCOME TAXES

In accordance with ASC Topic 740, *Income Taxes*, income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax liabilities and assets, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change. Vantiv, Inc. is taxed as a C Corporation, which is subject to both federal and state taxation at a corporate level. Therefore, tax expense and deferred tax assets and liabilities reflect such status.

The following is a summary of applicable income taxes (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Current income tax expense:			
U.S. income taxes	$ 57,966	$ 28,586	$ 29,234
State and local income taxes	4,219	4,311	4,474
Total current tax expense	62,185	32,897	33,708
Deferred income tax expense (benefit):			
U.S. income taxes	70,786	55,553	36,070
State and local income taxes	8,882	(273)	(3,601)
Total deferred tax expense	79,668	55,280	32,469
Applicable income tax expense	$ 141,853	$ 88,177	$ 66,177

A reconciliation of the U.S. income tax rate and the Company's effective tax rate for all periods is provided below:

	Year Ended December 31,		
	2016	2015	2014
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State taxes-net of federal benefit	2.8	2.7	2.6
Effect of changes in deferred tax rates	0.1	(1.9)	(3.1)
Non-controlling interest	(4.6)	(5.9)	(5.6)
Other-net	0.3	(0.3)	(0.8)
Effective tax rate	33.6 %	29.6 %	28.1 %

Deferred income tax assets and liabilities are comprised of the following as of December 31, 2016 and 2015 (in thousands):

	December 31, 2016	December 31, 2015
Deferred tax assets		
Net operating losses	$ 14,085	$ 25,569
Employee benefits	69	55
Other assets	2,236	2,316
Other accruals and reserves	89,239	79,925
Partnership basis	771,311	728,532
Deferred tax assets	876,940	836,397
Deferred tax liabilities		
Property and equipment	(13,677)	(9,840)
Goodwill and intangible assets	(150,687)	(109,988)
Deferred tax liability	(164,364)	(119,828)
Deferred tax asset-net	$ 712,576	$ 716,569

As part of the acquisitions of NPC Group, Inc. ("NPC") and Mercury, the Company acquired federal and state tax loss carryforwards. As of December 31, 2016, the cumulative federal and state tax loss carryforwards were approximately $38.0 million and $16.9 million, respectively. Federal tax loss carryforwards will expire in 2030 and state tax loss carryforwards will expire between 2020 and 2035.

The partnership basis included in the above table is the result of a difference between the tax basis and book basis of Vantiv, Inc.'s investment in Vantiv Holding. Vantiv Holding, a partnership for tax purposes, has an Internal Revenue Code election in place to adjust the tax basis of partnership property to fair market value related to the portion of the partnership

interest transferred, through an exchange of units of Vantiv Holding by its members. Included in partnership basis in the table above are deferred tax assets resulting from the increase in tax basis generated by the exchange of units of Vantiv Holding in connection with the IPO and subsequent secondary offerings. See Note 7 - Tax Receivable Agreements for discussion of deferred tax assets as a result of the secondary offerings and exchange of units of Vantiv Holding.

Deferred tax assets are reviewed to determine whether the available evidence allows the Company to recognize the tax benefits. To the extent that a tax asset is not expected to be realized, the Company records a valuation allowance against the deferred tax assets. The Company has recorded no valuation allowance during the years ended December 31, 2016 or 2015.

A provision for federal, state and local income taxes has been recorded on the statements of income for the amounts of such taxes the Company is obligated to pay or amounts refundable to the Company. At December 31, 2016 and 2015, the Company recorded an income tax receivable of approximately $8.3 million and $53.2 million, respectively, which is included in other current assets on the Company's consolidated statements of financial position.

The Company accounts for uncertainty in income taxes under ASC 740, *Income Taxes*. As of December 31, 2016 and 2015, the Company had no material uncertain tax positions. If a future liability does arise related to uncertainty in income taxes, the Company has elected an accounting policy to classify interest and penalties, if any, as income tax expense.

15. 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 assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015 (in thousands):

	2016			2015		
	Fair Value Measurements Using					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Interest rate contracts	$ —	$ 23,229	$ —	$ —	$ —	$ —
Liabilities:						
Interest rate contracts	$ —	$ 15,058	$ —	$ —	$ 19,228	$ —
Mercury TRA	—	—	147,040	—	—	191,207

Interest Rate Contracts

The Company uses interest rate contracts to manage interest rate risk. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. The fair value of the interest rate caps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected future cash flows of each interest rate cap. This analysis reflects the contractual terms of the interest rate caps, including the period to maturity, and uses observable market inputs including interest rate curves and implied volatilities. In addition, to comply with

the provisions of ASC 820, *Fair Value Measurement*, credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its interest rate contracts for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company determined that the majority of the inputs used to value its interest rate contracts fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its interest rate contracts utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2016 and 2015, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its interest rate contracts and determined that the credit valuation adjustment was not significant to the overall valuation of its interest rate contracts. As a result, the Company classified its interest rate contract valuations in Level 2 of the fair value hierarchy. See Note 8 - Derivatives and Hedging Activities for further discussion of the Company’s interest rate contracts.

Mercury TRA

The Mercury TRA is considered contingent consideration as it is part of the consideration payable to the former owners of Mercury. Such contingent consideration is measured at fair value and is based on significant inputs not observable in the market, which is classified in Level 3 of the fair value hierarchy. The Mercury TRA is recorded at fair value based on estimates of discounted future cash flows associated with the estimated payments to the Mercury TRA Holders. The significant unobservable input used in the fair value measurement of the Mercury TRA is the discount rate, which was approximately 14% as of December 31, 2016 and 2015. Any significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement. The liability recorded is re-measured at fair value at each reporting period with the change in fair value recognized in earnings as a non-operating expense. The change in value of the Mercury TRA from December 31, 2015 to December 31, 2016 consists of the increase in fair value of $19.5 million and the decrease from payments of $63.6 million related to the Mercury TRA obligations and the exercised call option. The Company recorded non-operating expenses of $19.5 million and $28.9 million related to the change in fair value during the years ended December 31, 2016 and 2015, respectively. See Note 7 - Tax Receivable Agreements for further discussion of the Mercury TRA including the roll forward of the fair value.

The following table summarizes carrying amounts and estimated fair values for the Company’s financial instrument liabilities that are not reported at fair value in our consolidated statements of financial position as of December 31, 2016 and 2015 (in thousands):

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Note payable	$ 3,220,722	$ 3,250,025	$ 3,060,139	$ 3,064,989

We consider that the carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximates fair value (level 1) given the short-term nature of these items. 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.

16. NET INCOME PER SHARE

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

Diluted net income per share is calculated assuming that Vantiv Holding is a wholly-owned subsidiary of Vantiv, Inc., therefore eliminating the impact of Fifth Third’s non-controlling interest. Pursuant to the Exchange Agreement, the Class B units of Vantiv Holding (“Class B units”), which are held by Fifth Third and represent the non-controlling interest in Vantiv Holding, are convertible into shares of Class A common stock on a one-for-one basis. Based on this conversion feature, diluted net income per share is calculated assuming the conversion of the Class B units on an “if-converted” basis. 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 per share is adjusted accordingly to reflect the Company’s income tax expense assuming the conversion of the Fifth Third non-controlling interest into Class A common stock. During the year ended

December 31, 2016, approximately 35.0 million weighted-average Class B units of Vantiv Holding were excluded in computing diluted net income per share because including them would have had an antidilutive effect. As the Class B units of Vantiv Holding were not included, the numerator used in the calculation of diluted net income per share was equal to the numerator used in the calculation of basic net income per share for the year ended December 31, 2016. The adjusted effective tax rate used in the calculation was 36.0% for the years ended December 31, 2016 and 2015 and 36.5% for the year ended December 31, 2014. As of December 31, 2016 and 2015 there were approximately 35.0 million Class B units outstanding, respectively, and 43.0 million outstanding as of December 31, 2014.

In addition to the Class B units discussed above, potentially dilutive securities during the years ended December 31, 2016, 2015 and 2014 included restricted stock awards, restricted stock units, the warrant held by Fifth Third which allows for the purchase of Class C units of Vantiv Holding, stock options, performance awards and ESPP purchase rights. During the year ended December 31, 2016, 2015 and 2014, approximately 660,204, 472,518 and 508,097, respectively, performance awards have been excluded as the applicable performance metrics had not been met as of the reporting dates.

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 have not been presented.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except share data):

	Year Ended December 31,		
	2016	2015	2014
Basic:			
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292
Shares used in computing basic net income per share:			
Weighted-average Class A common shares	156,043,636	145,044,577	141,936,933
Basic net income per share	$ 1.37	$ 1.02	$ 0.88
Diluted:			
Consolidated income before applicable income taxes	$ —	$ 297,406	$ 235,167
Income tax expense excluding impact of non-controlling interest	—	107,066	85,836
Net income attributable to Vantiv, Inc.	$ 213,208	$ 190,340	$ 149,331
Shares used in computing diluted net income per share:			
Weighted-average Class A common shares	156,043,636	145,044,577	141,936,933
Weighted-average Class B units of Vantiv Holding	—	42,521,087	45,472,332
Warrant	4,959,501	11,866,595	10,121,483
Stock options	531,165	545,180	318,175
Restricted stock awards, restricted stock units and employee stock purchase plan	510,694	696,273	1,321,890
Performance awards	70,553	260,730	—
Diluted weighted-average shares outstanding	162,115,549	200,934,442	199,170,813
Diluted net income per share	$ 1.32	$ 0.95	$ 0.75

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity of the components of accumulated other comprehensive income (loss) related to cash flow hedging and other activities for the years ended December 31, 2016, 2015 and 2014 is presented below (in thousands):

	AOCI Beginning Balance	Total Other Comprehensive Income (Loss)					AOCI Ending Balance
		Pretax Activity	Tax Effect	Net Activity	Attributable to non-controlling interests	Attributable to Vantiv, Inc.	
Year Ended December 31, 2016							
Net change in fair value recorded in accumulated OCI	$ (14,336)	$ (6,858)	$ 2,106	$ (4,752)	$ 1,269	$ (3,483)	$ (17,819)
Net realized loss reclassified into earnings [(a)]	5,132	12,735	(3,930)	8,805	(2,315)	6,490	11,622
Other	—	—	—	—	—	—	—
Net change	$ (9,204)	$ 5,877	$ (1,824)	$ 4,053	$ (1,046)	$ 3,007	$ (6,197)
Year Ended December 31, 2015							
Net change in fair value recorded in accumulated OCI	$ (5,288)	$ (18,836)	$ 5,490	$ (13,346)	$ 4,298	$ (9,048)	$ (14,336)
Net realized loss reclassified into earnings [(a)]	1,732	6,990	(2,065)	4,925	(1,525)	3,400	5,132
Other	(212)	212	—	212	—	212	—
Net change	$ (3,768)	$ (11,634)	$ 3,425	$ (8,209)	$ 2,773	$ (5,436)	$ (9,204)
Year Ended December 31, 2014							
Net change in fair value recorded in accumulated OCI	$ (5)	$ (11,240)	$ 3,114	$ (8,126)	$ 2,843	$ (5,283)	$ (5,288)
Net realized loss reclassified into earnings [(a)]	269	3,040	(874)	2,166	(703)	1,463	1,732
Other	—	(212)	—	(212)	—	(212)	(212)
Net change	$ 264	$ (8,412)	$ 2,240	$ (6,172)	$ 2,140	$ (4,032)	$ (3,768)

(a) The reclassification adjustment on cash flow hedge derivatives affected the following lines in the accompanying consolidated statements of income:

OCI Component	Affected line in the accompanying consolidated statements of income
Pretax activity[(1)]	Interest expense-net
Tax effect	Income tax expense
OCI attributable to non-controlling interests	Net income attributable to non-controlling interests

[(1)] The years ended December 31, 2016, 2015 and 2014, reflect amounts of losses reclassified from AOCI into earnings, representing the effective portion of the hedging relationships, and are recorded in interest expense-net.

18. RELATED PARTY TRANSACTIONS

In connection with the Company’s separation from Fifth Third on June 30, 2009, the Company entered into various agreements which provide for services provided to or received from Fifth Third. Subsequent to the separation from Fifth Third, the Company continues to enter into various business agreements with Fifth Third. Transactions under these agreements are discussed below and throughout these notes to the accompanying consolidated financial statements. As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, Fifth Third currently holds 35,042,826 shares of Class B common stock representing 17.9% of the voting interests in Vantiv, Inc. and 35,042,826 Class B units of Vantiv Holding representing a 17.9% ownership interest in Vantiv Holding.

Debt Agreements

As discussed in Note 6 - Long-Term Debt, the Company had certain debt arrangements outstanding and available from Fifth Third. For the years ended December 31, 2016, 2015 and 2014, interest expense associated with these arrangements was $4.2 million, $4.4 million and $5.4 million, respectively, and commitment fees were $0.1 million, $0.2 million and $0.2 million, respectively.

Lease Agreement

The Company leases or subleases a number of office and/or data center locations with Fifth Third. Related party rent expense was approximately $3.7 million for the year ended December 31, 2016 and $3.8 million for the years ended December 31, 2015 and 2014.

Service Processing and Other Service Agreements

In July 2016, the Company amended and extended its Master Services Agreement with Fifth Third (the “EFT Service Agreement”), expiring in June 2019, through December 2024. The EFT Service Agreement is exclusive and provides Fifth Third and its subsidiary depository institutions with various electronic fund transfer, or EFT, services including debit card processing and ATM terminal driving services. Revenue for the EFT Service Agreement and other services is in the related party revenues line on the Company’s consolidated statement of income.

Referral Agreement

In July 2016, the Company amended and extended its exclusive referral arrangement with Fifth Third, expiring in June 2019, through December 2024. Commercial and retail merchant clients of Fifth Third and its subsidiary depository institutions that request merchant (credit or debit card) acceptance services are referred exclusively to us. In return for these referrals and the resulting merchant relationships, we make ongoing incentive payments to Fifth Third. Costs associated with this agreement totaled $0.7 million, $0.3 million and $0.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Clearing, Settlement and Sponsorship Agreement and Treasury Management Agreement

As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, Fifth Third is a member of the Visa, Mastercard and other payment network associations. Fifth Third is the Company’s primary sponsor into the respective card associations. In July 2016, the Company amended and extended its agreement with Fifth Third, expiring in June 2019, through December 2024. Fifth Third also provides access to certain cash and treasury management services to the Company. For the years ended December 31, 2016, 2015 and 2014, the Company paid Fifth Third approximately $2.9 million, $2.3 million and $2.8 million, respectively, for these services. As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, the Company holds certain cash and cash equivalents on deposit at Fifth Third. At December 31, 2016 and 2015, approximately $90.5 million and $149.7 million, respectively, was held on deposit at Fifth Third. Interest income on deposits held at Fifth Third during the year ended December 31, 2014 was approximately $1.7 million. The interest income on such amounts during 2016 and 2015 was immaterial.

Other Non-material Services

The Company continues to receive certain other non-material services from Fifth Third. The total expense for other services provided by Fifth Third for the years ended December 31, 2016, 2015 and 2014 was $0.3 million, $0.4 million and $0.5 million, respectively.

19. SEGMENT INFORMATION

The Company’s segments consist of the Merchant Services segment and the Financial Institution Services segment, which are organized by the products and services the Company provides. The Company’s Chief Executive Officer (“CEO”), who is the chief operating decision maker (“CODM”), evaluates the performance and allocates resources based on the operating results of each segment. The Company’s reportable segments are the same as the Company’s operating segments and there is no aggregation of the Company’s operating segments. Below is a summary of each segment:

- *Merchant Services*—Provides merchant acquiring and payment processing services to large national merchants, regional and small-to-mid sized businesses. Merchant services are sold to small to large businesses through diverse distribution channels. Merchant Services includes all aspects of card processing including authorization and settlement, customer service, chargeback and retrieval processing and interchange management.

- *Financial Institution Services*—Provides card issuer processing, payment network processing, fraud protection, card production, prepaid program management, ATM driving and network gateway and switching services that utilize the Company's proprietary Jeanie debit payment network to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional personal identification number ("PIN") networks. Financial Institution Services also provides 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.

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.

	Year Ended December 31, 2016		
	Merchant Services	Financial Institution Services	Total
Total revenue	$ 3,082,951	$ 496,040	$ 3,578,991
Network fees and other costs	1,537,072	137,158	1,674,230
Sales and marketing	557,942	24,309	582,251
Segment profit	$ 987,937	$ 334,573	$ 1,322,510

	Year Ended December 31, 2015		
	Merchant Services	Financial Institution Services	Total
Total revenue	$ 2,656,906	$ 503,032	$ 3,159,938
Network fees and other costs	1,321,312	156,890	1,478,202
Sales and marketing	478,736	25,213	503,949
Segment profit	$ 856,858	$ 320,929	$ 1,177,787

	Year Ended December 31, 2014		
	Merchant Services	Financial Institution Services	Total
Total revenue	$ 2,100,367	$ 476,836	$ 2,577,203
Network fees and other costs	1,033,801	140,864	1,174,665
Sales and marketing	367,998	28,355	396,353
Segment profit	$ 698,568	$ 307,617	$ 1,006,185

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

	Year Ended December 31,		
	2016	2015	2014
Total segment profit	$ 1,322,510	$ 1,177,787	$ 1,006,185
Less: Other operating costs	(294,235)	(284,066)	(242,439)
Less: General and administrative	(189,707)	(182,369)	(173,986)
Less: Depreciation and amortization	(270,054)	(276,942)	(275,069)
Less: Interest expense—net	(109,534)	(105,736)	(79,701)
Less: Non-operating income (expense)	(36,256)	(31,268)	177
Income before applicable income taxes	$ 422,724	$ 297,406	$ 235,167

20. QUARTERLY CONSOLIDATED RESULTS OF OPERATIONS (UNAUDITED)

The following table sets forth our unaudited results of operations on a quarterly basis for the years ended December 31, 2016 and 2015.

	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
	(dollars in thousands)							
Revenue	$ 955,132	$ 914,019	$ 891,217	$ 818,623	$ 852,334	$ 815,998	$ 785,995	$ 705,611
Network fees and other costs	452,720	423,361	410,736	387,413	399,159	385,548	362,349	331,146
Net revenue	502,412	490,658	480,481	431,210	453,175	430,450	423,646	374,465
Sales and marketing	148,521	153,248	144,844	135,638	132,488	132,481	122,925	116,055
Other operating costs	74,771	72,162	73,599	73,703	72,213	66,563	76,551	68,739
General and administrative	55,876	40,727	49,120	43,984	45,974	41,492	47,060	47,843
Depreciation and amortization	70,504	66,086	65,234	68,230	70,843	70,638	67,659	67,802
Income from operations	$ 152,740	$ 158,435	$ 147,684	$ 109,655	$ 131,657	$ 119,276	$ 109,451	$ 74,026
Net income	$ 62,958	$ 87,004	$ 78,461	$ 52,448	$ 70,392	$ 59,148	$ 52,693	$ 26,996
Net income (loss) attributable to Vantiv, Inc.	$ 47,847	$ 66,296	$ 59,327	$ 39,738	$ 50,929	$ 41,492	$ 36,536	$ 18,989
Net income (loss) per share attributable to Vantiv, Inc. Class A common stock:								
Basic	$ 0.30	$ 0.43	$ 0.38	$ 0.26	$ 0.35	$ 0.29	$ 0.25	$ 0.13
Diluted	$ 0.29	$ 0.41	$ 0.38	$ 0.25	$ 0.31	$ 0.27	$ 0.24	$ 0.13

Our results of operations are subject to seasonal fluctuations in our revenue as a result of consumer spending patterns. Historically our revenues have been the strongest in the fourth quarter and weakest in our first quarter.

* * * * *

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 December 31, 2016. 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 December 31, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also controls deemed effective now may become inadequate in the future because of changes in conditions, or because compliance with the policies or procedures has deteriorated or been circumvented.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on management's assessment and the COSO criteria, management believes that our internal control over financial reporting was effective as of December 31, 2016. In accordance with Sarbanes Oxley rules and regulations, which allow for a one year integration period, management has not conducted an assessment of internal control over financial reporting at Moneris Solutions, Inc. ("Moneris USA"), which was acquired on December 21, 2016. Moneris USA had approximately 7.5% of the Company's total assets and less than 1% of the Company's total revenue, of the related consolidated financial statement amounts as of and for the year ended December 31, 2016. Moneris USA will be included in the Company's risk assessment and testing of internal controls in 2017.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Form 10-K and, as part of the audit, has issued a report, included herein, on the effectiveness of our internal control over financial reporting as of December 31, 2016.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Vantiv, Inc.
Symmes Township, Ohio

We have audited the internal control over financial reporting of Vantiv, Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Management's Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Moneris Solutions, Inc., which was acquired on December 21, 2016 and whose financial statements constitute approximately 7.5% of total assets and less than 1% of total revenue of the consolidated financial statements as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at Moneris Solutions, Inc. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2016 of the Company and our report dated February 8, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
February 8, 2017

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to Vantiv's Proxy Statement for its 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2016.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Business Conduct and Ethics is available on our website (http://investors.vantiv.com) under "Corporate Governance." We will also provide a copy of these documents to any person, without charge, upon request, by writing to us at Vantiv, Inc., Investor Relations Department, 8500 Governor's Hill Drive, Symmes Township, Ohio 45249. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website at the address and the location specified above.

Item 11. Executive Compensation

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Securities Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except as included below regarding equity compensation plan information, the information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2016 regarding the Company's equity compensation plans.

	[a]	[b]	[c]	
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights [1]	Weighted-average exercise price of outstanding options, warrants and rights [2]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column [a])	
Equity compensation plans approved by stockholders	3,258,982	$37.32	27,113,901	[3]
Equity compensation plans not approved by stockholders	—	—	—	
Total	3,258,982	$37.32	27,113,901	[3][4]

[1] Column [a] includes the following outstanding equity-based awards:

- 1,968,233 stock options;
- 974,048 restricted stock units; and
- 316,701 performance share units.

[2] The weighted-average exercise price set forth in this column is calculated without regard to restricted stock units and performance share units, which do not have any exercise price.

[3] Equity compensation plans consist of the Vantiv, Inc. 2012 Equity Incentive Plan (the "2012 Equity Incentive Plan") and the Vantiv, Inc. Employee Stock Purchase Plan (the "ESPP"). The 2012 Equity Incentive Plan had 35.5 million shares initially authorized for issuance. In addition to these 35.5 million shares, the following shares will become available for grant under the 2012 Equity Incentive Plan, and, to the extent such shares became available as of December 31, 2016, they are included in the table above as available for grant: (i) shares covered by outstanding awards under the 2012 Equity Incentive Plan that are forfeited or otherwise terminated or settled in cash or other property rather than settled through the issuance of shares; and (ii) shares that are used to pay the exercise price of stock options and shares used to pay withholding taxes on equity awards generally. The ESPP had 2.5 million shares

initially authorized for issuance. As of December 31, 2016, 2.4 million shares remain available for issuance under the ESPP.

(4) Additionally, at the time of the acquisition of Mercury Payment Systems, LLC, the Company registered and issued 1.8 million shares under the Mercury Payment Systems, LLC 2010 Unit Incentive Plan, as Restated and Assumed by Vantiv, Inc. The awards issued were stock options, which have been excluded in the table above. As of December 31, 2016 there were 233,209 outstanding options remaining with a weighted-average exercise price of $17.39 and 309,708 awards available to be issued due to forfeitures subsequent to the acquisition.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) *Consolidated Financial Statements*

Our consolidated financial statements are set forth in "Item 8 - Financial Statements and Supplementary Data" of this report.

(a)(2) *Financial Statement Schedules*

Schedule I - Condensed Financial Information of Registrant

All other financial statement schedules have been omitted because they are not applicable, not material or the required information is presented in the financial statements or the notes thereto.

(a)(3) *Exhibits*

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

SCHEDULE I - Condensed Financial Information of Registrant

Vantiv, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (PARENT COMPANY ONLY)
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
General and administrative	$ 366	$ 745	$ 181
Loss from operations	(366)	(745)	(181)
Non-operating income (expense), net	(58)	(359)	40,399
Income (loss) before income taxes and equity in net income of subsidiaries	(424)	(1,104)	40,218
Income tax expense	80,635	54,007	47,943
Loss before equity in net income of subsidiaries	(81,059)	(55,111)	(7,725)
Equity in net income of subsidiaries	294,267	203,057	133,017
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292

See Notes to Condensed Consolidated Financial Statements (Parent Company only).

SCHEDULE I - Condensed Financial Information of Registrant

Vantiv, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (PARENT COMPANY ONLY)
(In thousands)

	Year Ended December 31,		
	2016	**2015**	**2014**
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292
Other comprehensive income (loss), net of tax	3,007	(5,436)	(4,032)
Comprehensive income attributable to Vantiv, Inc.	$ 216,215	$ 142,510	$ 121,260

See Notes to Condensed Consolidated Financial Statements (Parent Company only).

SCHEDULE I - Condensed Financial Information of Registrant

Vantiv, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (PARENT COMPANY ONLY)
(In thousands)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Tax refund receivable	$ 1,452	$ 51,998
Total current assets	1,452	51,998
Investment in subsidiaries	1,260,427	1,008,907
Deferred taxes	769,365	731,258
Total assets	$ 2,031,244	$ 1,792,163
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,548	$ 795
Payable to subsidiaries	70,699	5,519
Current portion of tax receivable agreement obligations to related parties	191,014	31,232
Total current liabilities	264,261	37,546
Long-term liabilities:		
Tax receivable agreement obligations to related parties	451,318	801,829
Total long-term liabilities	451,318	801,829
Total liabilities	715,579	839,375
Equity:		
Total Vantiv, Inc. equity	1,315,665	952,788
Total liabilities and equity	$ 2,031,244	$ 1,792,163

See Notes to Condensed Consolidated Financial Statements (Parent Company only).

SCHEDULE I - Condensed Financial Information of Registrant

Vantiv, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (PARENT COMPANY ONLY)
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
Operating Activities:			
Net income attributable to Vantiv, Inc.	$ 213,208	$ 147,946	$ 125,292
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in net income of subsidiaries	(294,267)	(203,057)	(133,017)
Deferred taxes	54,540	24,662	27,395
Tax receivable agreements non-cash items	53	(769)	(40,399)
Distributions from subsidiaries	84,844	68,892	58,551
Excess tax benefit from share-based compensation	(12,167)	(16,707)	(13,420)
Change in operating assets and liabilities, net	20,030	28,834	(9,151)
Net cash provided by operating activities	66,241	49,801	15,251
Investing Activities:			
Proceeds from sale of Class A units in Vantiv Holding	87,617	216,933	77,165
Purchase of Class A units in Vantiv Holding	(15,389)	(13,630)	(4,492)
Net cash provided by investing activities	72,228	203,303	72,673
Financing Activities:			
Advances from subsidiaries, net	70,699	5,519	(20,032)
Proceeds from exercise of Class A common stock options	15,389	13,630	4,492
Repurchase of Class A common stock	(81,369)	(200,406)	(59,364)
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(6,248)	(16,527)	(17,801)
Settlement of certain tax receivable agreements	(117,874)	(49,222)	—
Payments under tax receivable agreements	(31,233)	(22,805)	(8,639)
Excess tax benefit from share-based compensation	12,167	16,707	13,420
Net cash used in financing activities	(138,469)	(253,104)	(87,924)
Net decrease in cash and cash equivalents	—	—	—
Cash and cash equivalents—Beginning of period	—	—	—
Cash and cash equivalents—End of period	$ —	$ —	$ —
Cash Payments:			
Taxes	$ 6,843	$ 2,323	$ 28,583
Non-cash Items:			
Issuance of tax receivable agreements	$ 171,162	$ 376,597	$ 109,400

See Notes to Condensed Consolidated Financial Statements (Parent Company only).

SCHEDULE I - Condensed Financial Information of Registrant

Vantiv, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PARENT COMPANY ONLY)

1. BASIS OF PRESENTATION

For Vantiv, Inc.'s presentation (Parent Company only), the investment in subsidiaries is accounted for using the equity method. The condensed parent company financial statements and notes should be read in conjunction with the consolidated financial statements and notes of Vantiv, Inc. appearing in this Annual Report on Form 10-K.

Vantiv, Inc. is a holding company that does not conduct any business operations of its own and therefore its assets consist primarily of investments in subsidiaries. Vantiv Inc.'s cash inflows are primarily from cash dividends and distributions and other transfers from Vantiv Holding. Vantiv, Inc. may not be able to access cash generated by its subsidiaries in order to fulfill cash commitments or to pay cash dividends on its common stock. The amounts available to Vantiv, Inc. to fulfill cash commitments or to pay cash dividends are also subject to the covenants and distribution restrictions in its subsidiaries' loan agreements. For a discussion on the tax receivable agreements, see Note 7- Tax Receivable Agreements in the consolidated financial statements and notes of Vantiv, Inc. appearing in this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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:	February 8, 2017	By:	/s/ CHARLES D. DRUCKER
			Name: Charles D. Drucker
			Title: President and Chief Executive Officer
Dated:	February 8, 2017	By:	/s/ STEPHANIE L. FERRIS
			Name: Stephanie L. Ferris
			Title: Chief Financial Officer
Dated:	February 8, 2017	By:	/s/ CHRISTOPHER THOMPSON
			Name: Christopher Thompson
			Title: SVP, Controller and Chief Accounting Officer

Exhibit 24.1

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Charles D. Drucker, Mark L. Heimbouch and Nelson F. Greene, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution and full power to act without the other, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ CHARLES D. DRUCKER Charles D. Drucker	Chief Executive Officer, President and Director (Principal Executive Officer)	February 8, 2017
/s/ MARK L. HEIMBOUCH Mark L. Heimbouch	Sr. Executive Vice President and Chief Operating Officer and Director	February 8, 2017
/s/ JEFFREY STIEFLER Jeffrey Stiefler	Chairman	February 8, 2017
/s/ LEE ADREAN Lee Adrean	Director	February 8, 2017
/s/ GARY L. LAUER Gary L. Lauer	Director	February 8, 2017
/s/ KEVIN COSTELLO Kevin Costello	Director	February 8, 2017
/s/ DAVID KARNSTEDT David Karnstedt	Director	February 8, 2017
/s/ LARS ANDERSON Lars Anderson	Director	February 8, 2017
/s/ LISA HOOK Lisa Hook	Director	February 8, 2017
/s/ BOON SIM Boon Sim	Director	February 8, 2017
/s/ MARK SUNDAY Mark Sunday	Director	February 8, 2017

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Purchase and Sale Agreement, dated as of November 10, 2016, by and among National Processing Company, Moneris Solutions Corporation, and Vantiv, LLC, as guarantor of National Processing's obligations.				
3.1	Amended and Restated Certificate of Incorporation of Vantiv, Inc.	10-Q	001-35462	3.1	May 8, 2012
3.2	Amended and Restated Bylaws of Vantiv, Inc.	8-K	001-35462	3.2	November 22, 2016
4.1	Form of Class A Common Stock Certificate.	S-1/A	333-177875	4.1	March 14, 2012
10.1	Second Amended and Restated Limited Liability Company Agreement of Vantiv Holding, LLC.	10-Q	001-35462	10.1	May 8, 2012
10.2	Advancement Agreement by and among Vantiv Holding, LLC and Vantiv, Inc.	10-Q	001-35462	10.2	May 8, 2012
10.3	Exchange Agreement among Vantiv, Inc., Vantiv Holding, LLC, Fifth Third Bank, FTPS Partners, LLC and such other holders of Class B Units and Class C Non-Voting Units from time to time party thereto.	10-Q	001-35462	10.3	May 8, 2012
10.4	Registration Rights Agreement by and among Vantiv, Inc. and the stockholders party thereto.	10-Q	001-35462	10.4	May 8, 2012
10.5	Tax Receivable Agreement by and among Vantiv, Inc., Fifth Third Bank and FTPS Partners, LLC.	10-Q	001-35462	10.6	May 8, 2012
10.6	Tax Receivable Agreement by and among Vantiv, Inc., Fifth Third Bank, FTPS Partners, LLC, the Advent Stockholders, Advent International Corporation and JPDN Enterprises, LLC.	10-Q	001-35462	10.9	May 8, 2012
10.7	Amendment and Restatement Agreement, dated as of October 14, 2016, among Vantiv, LLC, Vantiv Holding, LLC, the other Loan Parties, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents and lenders party thereto.	8-K	001-35462	10.1	October 18, 2016
10.8	Second Amended and Restated Loan Agreement, dated as of October 14, 2016, by and among Vantiv, LLC, various lenders from time to time party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent, and the other agents party thereto.	8-K	001-35462	10.2	October 18, 2016
10.9+	Form of Restricted Stock Award Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan for Holders of Phantom Units under the Vantiv Holding, LLC Management Phantom Equity Plan.	S-1/A	333-177875	10.24	March 5, 2012
10.9.1+	Form of Restricted Stock Award Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan for the Chief Executive Officer.	S-1/A	333-177875	10.38	March 14, 2012
10.9.2+	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors Under the Vantiv, Inc. 2012 Equity Incentive Plan.	S-1/A	333-177875	10.39	March 14, 2012
10.9.3+	Form of Stock Option Grant Notice and Option Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-Q	001-35462	10.1	May 6, 2013
10.9.4+	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-Q	001-35462	10.2	May 6, 2013
10.9.5+	Form of Performance Share Unit Award Notice and Performance Share Unit Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-Q	001-35462	10.3	May 6, 2013
10.9.6+	Revised Form of Performance Share Award Notice and Performance Share Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-K	001-35462	10.12.7	February 10, 2016
10.10+	Amended and Restated Offer Letter, dated as of March 15, 2012, by and between Vantiv, LLC and Charles D. Drucker.	S-1/A	333-177875	10.26	March 16, 2012
10.11+	Amended and Restated Offer Letter, dated as of February 27, 2012, by and between Vantiv, LLC and Mark L. Heimbouch.	S-1/A	333-177875	10.27	March 14, 2012
10.12+	Amended and Restated Offer Letter, dated as of February 27, 2012, by and between Vantiv, LLC and Royal Cole.	S-1/A	333-177875	10.35	March 14, 2012
10.13+	Offer Letter, dated as of May 12, 2014, by and between Vantiv, LLC and Matt Taylor.	10-K	001-35462	10.17	February 10, 2016
10.13.1+	Offer Letter, dated as of November 14, 2014, by and between Vantiv, LLC and Kimberly Martin.	10-K	001-35462	10.17.1	February 10, 2016
10.13.2+	Confirmation Letter, dated as of April 26, 2016, by and between Vantiv, LLC and Stephanie Ferris.	10-Q	001-35462	10.1	April 27, 2016

10.14+	Non-Competition, Non-Solicitation and Confidentiality Agreement made as of June 30, 2009, by and between Vantiv, LLC and Charles D. Drucker.	S-1/A	333-177875	10.28	March 5, 2012
10.15+	Form of Vantiv, LLC Non-Competition, Non-Solicitation and Confidentiality Agreement for executive officers.	S-1/A	333-177875	10.29	March 5, 2012
10.16+	Form of Indemnification Agreement.	S-1/A	333-177875	10.37	March 16, 2012
10.17†	Master Services Agreement, dated as of July 27, 2016, by and between Fifth Third Bancorp and Vantiv, LLC.	10-Q	001-35462	10.3	July 28, 2016
10.18†	Clearing, Settlement and Sponsorship Services Agreement, dated July 27, 2016, by and between Vantiv, LLC and Fifth Third Bank.	10-Q	001-35462	10.3	July 28, 2016
10.19	Tax Receivable Agreement, dated as of May 12, 2014, by and among NPC Group, Inc.; Silver Lake Partners III DE, LP; SLP III Quicksilver Feeder I, LP; Silver Lake Technology Investors III, L.P.; MPS 1, Inc.; Mercury Payment Systems II, LLC; Vantiv, LLC; and certain other parties listed on Schedule B thereto.	8-K	001-35462	10.3	June 19, 2014
10.20+	Mercury Payment Systems, LLC 2010 Unit Incentive Plan, as Restated and Assumed by Vantiv, Inc.	S-8	333-196911	4.3	June 19, 2014
10.21+	Form of Restricted Share Grant Notice and Restricted Share Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-Q	001-35462	10.3	April 30, 2015
10.22+	Form of Performance Share Grant Notice and Performance Share Agreement under the Vantiv, Inc. 2012 Equity Incentive Plan.	10-Q	001-35462	10.4	April 30, 2015
10.23	Repurchase Addendum to Tax Receivable Agreement, dated as of July 24, 2015 by and among NPC Group, Inc.; Silver Lake Partners III DE, L.P.; SLP III Quicksilver Feeder I, L.P.; Silver Lake Technology Associates III, L.P.; Silver Lake Technology Investors III, L.P.; Durango FI, LLC (f/k/a MPS 1, Inc.); Mercury Payment Systems II, LLC; Vantiv, LLC; and certain other parties listed on Schedule A thereto.	10-Q	001-35462	10.1	July 29, 2015
10.24	Tax Receivable Purchase Addendum, dated as of October 23, 2015, by and between Vantiv, Inc. and Fifth Third Bank.	10-Q	001-35462	10.1	October 28, 2015
10.24.1	Tax Receivable Purchase Addendum, dated as of July 27, 2016, by and between Vantiv, Inc. and Fifth Third Bank.	10-Q	001-35462	10.3	July 28, 2016
10.25	Warrant Cancellation Agreement, dated as of December 2, 2015, by and between Vantiv Holding, LLC and Fifth Third Bank.	8-K	001-35462	10.1	December 2, 2015
10.26	Stock Repurchase Agreement, dated as of November 20, 2016, by and between Vantiv, Inc. and Fifth Third Bank.	8-K	001-35462	10.1	November 23, 2016
10.27+	Employee Stock Purchase Plan, amended as of October 27, 2015.	10-K	001-35462	10.32	February 10, 2016
10.28+	Amended and Restated Executive Severance Plan, dated as of November 8, 2015.	10-K	001-35462	10.33	February 10, 2016
10.29+	Vantiv, Inc. 2012 Equity Incentive Plan, dated as of November 8, 2015.	10-K	001-35462	10.34	February 10, 2016
11.1	Statement re computation of per share earnings (incorporated by reference to Notes to the Financial Statements included in Part II of this Report).				
21.1	Subsidiaries of the Registrant.				
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.				
24.1	Power of Attorney (included on signature page).				
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.				

† Confidential treatment granted as to certain portions by the SEC.
\+ Indicates a management contract or compensatory plan.

Exhibit 2.1

PURCHASE AND SALE AGREEMENT

by and among

MONERIS SOLUTIONS CORPORATION,

NATIONAL PROCESSING COMPANY

and

VANTIV, LLC

(as guarantor of Purchaser’s obligations)

Dated as of November 10, 2016

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*The exhibits listed above have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted exhibit will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that Vantiv, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any exhibits so furnished.

PURCHASE AND SALE AGREEMENT, dated as of November 10, 2016 (the "Agreement"), by and among Moneris Solutions Corporation, a corporation incorporated under the laws of Canada ("Parent"), National Processing Company, a corporation organized under the laws of the State of Nebraska ("Purchaser"), and Vantiv, LLC, a Delaware limited liability company, as guarantor of Purchaser's obligations hereunder ("Vantiv").

RECITALS

WHEREAS, Parent directly owns all of the Target Equity Interests; and

WHEREAS, on the terms and conditions set forth herein, Parent desires to sell to Purchaser, and Purchaser desires to purchase from Parent, all of Parent's rights in the Target Equity Interests.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS AND TERMS

Section 1.1 Certain Definitions. Capitalized terms used in this Agreement shall have the meanings set forth on Schedule A.

ARTICLE II
SALE AND PURCHASE OF THE TARGET EQUITY INTERESTS

Section 2.1 Sale and Purchase of the Target Equity Interests. On the terms and subject to the conditions set forth herein, at the Closing, Parent shall sell, transfer and deliver to Purchaser, free and clear of any Encumbrances other than any restrictions arising under applicable Law, and Purchaser shall purchase and receive from Parent, all of Parent's right, title and interest in and to the Target Equity Interests.

Section 2.2 Purchase Price.

(a) The aggregate purchase price for the Target Equity Interests (the "Purchase Price") shall be an amount in cash equal to (i) $425,000,000 plus (ii) the Final Net Working Capital Adjustment, minus (iii) the Indebtedness of the Target Company, if any, outstanding as of the Closing, minus (iv) unpaid Company Transaction Expenses, if any, as of the Closing, plus (v) the Contingent Purchase Price Amount, if any, payable at the Closing in accordance with Exhibit 8, all as set forth on the Final Closing Statement. The Purchase Price shall be payable and subject to adjustment as provided herein.

(b) No later than three (3) Business Days prior to the Closing Date, Parent shall deliver to Purchaser the Estimated Closing Statement, along with a good faith estimated unaudited balance sheet of the Target Company as of the Closing (the "Estimated Closing Date Balance Sheet") from which the Estimated Closing Statement was derived. The Estimated Closing Date Balance Sheet shall be derived in good faith from the books and records of the Target Company and shall be prepared

in accordance with GAAP using the same accounting methods, policies, principles, practices and procedures, with consistent classifications, judgments and estimation methodologies as were used in preparation of the most recent balance sheet of the Target Company included with the Target Company Financial Information; provided, that if the Closing occurs on any day other than the first Business Day of a month, the Estimated Closing Date Balance Sheet may include any assumptions that are necessary or appropriate as determined by Parent in good faith.

Section 2.3 Purchase Price Adjustment.

(a) As soon as reasonably practicable, but in no event later than seventy-five (75) days following the Closing Date, Purchaser shall prepare (in good faith and in accordance with this Agreement) and deliver to Parent the Proposed Final Closing Statement, along with a good faith estimated unaudited balance sheet of the Target Company as of the Closing (the "Proposed Closing Date Balance Sheet") from which the Proposed Final Closing Statement was derived. The Proposed Closing Date Balance Sheet shall be derived in good faith from the books and records of the Target Company and shall be prepared in accordance with GAAP using the same accounting methods, policies, principles, practices and procedures, with consistent classifications, judgments and estimation methodologies as were used in preparation of the most recent balance sheet of the Target Company included with the Target Company Financial Information. During the 60-day period immediately following Parent's receipt of the Proposed Final Closing Statement and Proposed Closing Date Balance Sheet (the "Review Period"), Parent and its Representatives shall be provided access to the books, records and other relevant information of Purchaser and its Representatives (including the Target Company) to the extent relating to the Proposed Final Closing Statement and Proposed Closing Date Balance Sheet. During the Review Period, Purchaser shall make available such personnel of Purchaser and its Affiliates (including the Target Company) knowledgeable about the information used in, and the preparation of, the Proposed Final Closing Statement and Proposed Closing Date Balance Sheet in order to respond to reasonable inquiries made by Parent and its Representatives.

(b) On or prior to the last day of the Review Period, Parent may object to the Proposed Final Closing Statement by delivering to Purchaser a written statement setting forth the basis for Parent's objections thereto (the "Statement of Objections"). If Parent fails to deliver the Statement of Objections within the Review Period, the Proposed Final Closing Statement shall be deemed to have been accepted by Parent and shall be used in calculating the Adjustment Amount. If Parent delivers the Statement of Objections within the Review Period, the Parties shall negotiate in good faith to resolve such objections, and, if the same are so resolved, the Proposed Final Closing Statement with such changes that may have been previously agreed in writing by the Parties shall be final and binding.

(c) If the Parties shall fail to reach an agreement with respect to any of the matters set forth in the Statement of Objections, then such unresolved matters shall, not later than fifteen (15) days after one of the Parties affirmatively terminates discussions in writing with respect to the Statement of Objections, be submitted for resolution to KPMG LLP (or, if such firm shall decline or is unable to act or is not, at the time of such submission, independent of both Parent and Purchaser, to another independent accounting firm of international reputation mutually acceptable to Parent and Purchaser (either KPMG LLP or such other accounting firm, the "Accounting Expert"). The Accounting Expert shall, limiting its review to matters properly included in the Statement of Objections and acting as an expert and not as an arbitrator, resolve the disputes set forth in the Statement of Objections and make any corresponding adjustments to the Proposed Final Closing Statement. Subject to, and to the extent

permitted by, any applicable Laws, the Parties shall each make readily available to the Accounting Expert all relevant books, records and other information relating to the Target Company to the extent related to the matters set forth in the Statement of Objections. Each Party shall concurrently provide the other Party with copies of all such materials and information provided by such Party to the Accounting Expert. The Parties shall jointly instruct the Accounting Expert to make a determination, on the basis of the standard set forth in this Section 2.3(c), as soon as practicable within thirty (30) days (or such other time as the Parties shall agree in writing) after its engagement and to select, with respect to each item in dispute, an amount between or equal to Purchaser's position on the Proposed Final Closing Statement and Parent's position as set forth in the Statement of Objections. The Accounting Expert's resolution of the disputes set forth in the Statement of Objections and the Proposed Final Closing Statement, with any such adjustments made by the Accounting Expert, shall be final and binding, absent manifest error. The determination of the Accounting Expert shall not be an arbitration within the meaning of the Federal Arbitration Act or any other Law, and any disputes regarding procedural or legal issues (including with regard to interpretation of this Agreement) relating to adjustment of the Purchase Price pursuant to this Section 2.3(c) shall be resolved by a court of competent jurisdiction as set forth in Section 10.6. The fees of the Accounting Expert shall be divided between Purchaser, on the one hand, and Parent on the other hand, in proportion to the aggregate Dollar amount submitted to the Accounting Expert and unsuccessfully disputed by the applicable Party *divided by* the aggregate Dollar amount of items submitted to the Accounting Expert by both Parties. The Proposed Final Closing Statement as accepted and agreed (or deemed to be accepted and agreed) by the Parties or, subject to the limitations of this Section 2.3(c), as determined by the Accounting Expert shall become the "Final Closing Statement" for all purposes of this Agreement.

(d) Within two (2) Business Days of the Proposed Final Closing Statement becoming the Final Closing Statement hereunder, to the extent that the Closing Payment is not equal to the Purchase Price set forth in the Final Closing Statement:

(i) if the Closing Payment is greater than the Purchase Price set forth in the Final Closing Statement, Parent shall pay to Purchaser an amount equal to the Adjustment Amount by wire transfer of immediately available funds to one or more accounts designated by Purchaser; and

(ii) if the Closing Payment is less than the Purchase Price set forth in the Final Closing Statement, Purchaser shall pay to Parent an amount equal to the Adjustment Amount by wire transfer of immediately available funds to one or more accounts designated by Parent.

(e) If the Contingent Purchase Price Amount is not payable at the Closing in accordance with Exhibit 8, Purchaser shall pay the Contingent Purchase Price Amount, if any, after the Closing Date in accordance with Exhibit 8.

The Parties agree that any such payment pursuant to Section 2.3(d) and Section 2.3(e) shall be treated as an adjustment to the purchase price for the Target Equity Interests for Tax purposes.

Section 2.4 Closing. The sale and purchase of the Target Equity Interests will take place at a closing (the "Closing") to be held at the offices of Sullivan & Cromwell LLP, 125 Broad St., New York, New York, at 10:00 a.m., New York City time, on the third Business Day after the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their

terms, are to be satisfied on the Closing Date, but subject to the satisfaction of those conditions), but in no event prior to December 15, 2016, or on such other date or at such other time and place as the parties may mutually agree. The Closing shall be deemed to be effective as of 12:00 a.m., New York City time, on the Closing Date.

Section 2.5 Closing Deliverables.

(a) At the Closing, Purchaser shall deliver, or cause to be delivered, to Parent the following:

(i) an amount in Dollars equal to the Closing Payment, by wire transfer in immediately available funds, to one or more accounts that have been designated by Parent at least two (2) Business Days prior to the Closing Date;

(ii) duly executed counterparts to each of the Transaction Documents (other than this Agreement) to which Purchaser or any of its Affiliates is a party (it being understood that Purchaser shall deliver to BMO Harris Bank N.A. a duly executed counterpart of the BMO Harris BIN Sponsorship Agreement and the BMO Harris Merchant Referral Program Agreement on behalf of the Target Company);

(iii) the certificate referred to in Section 6.3(c); and

(iv) evidence that all Purchaser Required Governmental Approvals have been obtained.

(b) At the Closing, Parent shall deliver, or cause to be delivered, to Purchaser the following:

(i) a stock certificate representing the Target Equity Interest, duly endorsed in blank or accompanied by a stock power duly executed in blank in a form acceptable for transfer on the books of the Target Company;

(ii) duly executed counterparts to each of the Transaction Documents (other than this Agreement) to which Parent or any of its Affiliates is a party;

(iii) the certificate referred to in Section 6.2(c);

(iv) evidence that all Parent Required Governmental Approvals have been obtained;

(v) the resignations, effective as of the Closing, of all directors and officers of the Target Company;

(vi) payoff letters and final invoices for all Indebtedness and Company Transaction Expenses reflected on the Estimated Closing Statement; and

(vii) an affidavit of the Target Company, conforming with the requirements of Treasury Regulations Sections 1.897-2(h)(1) and 1.1445-2(c)(3), dated as of the Closing Date, stating under penalties of perjury that the Target Company is not and has not been a United

States real property holding corporation, and a notice to the IRS conforming with the requirements of Treasury Regulations Section 1.897-2(h)(2).

(c) Notwithstanding any other provision in this Agreement, Purchaser and the Target Company shall have the right to deduct and withhold Taxes from any payments required to be made under this Agreement to the extent required by applicable law; provided, however, that (i) Purchaser shall provide Parent written notice as soon as reasonably practicable (and in any case prior to making the deduction or withholding) upon becoming aware that deduction or withholding is required to be withheld from any payments required to be made under this Agreement and (ii) Parent shall cooperate with Purchaser and Target Company in seeking to reduce or eliminate any such withholding or deduction. To the extent that amounts are so deducted and withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to any recipient of a payment in respect of which such deduction or withholding was made.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PARENT

Except as set forth in Parent's Disclosure Letter, Parent represents and warrants to Purchaser, as of the date hereof and as of the Closing Date (except to the extent any such representation and warranty relates to a specific date, in which case Parent hereby makes to Purchaser such representation and warranty only as of such date), as follows:

Section 3.1 Organization, Authorization, Enforceability, Non-Contravention.

(a) *Organization.* Parent is a corporation duly incorporated, validly existing and in good standing under the laws of Canada. The Target Company is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and has the requisite corporate power to own, operate or lease the properties and assets owned, operated or leased by it and to conduct its business as presently conducted. The Target Company is duly licensed or qualified to do business in each jurisdiction in which the properties owned or leased by it or the operation of its business as presently conducted make such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a Company Material Adverse Effect.

(b) *Corporate Authorization.* Parent and each of its Affiliates that is a party to any of the Transaction Documents have full corporate or other organizational power and authority to execute and deliver each of the Transaction Documents to which it is a party and to perform its obligations under, and consummate the transactions contemplated by, each such Transaction Document. The execution, delivery and performance of this Agreement by Parent have been duly and validly authorized by all necessary corporate action on the part of Parent. The execution, delivery and performance of each of the Transaction Documents (other than this Agreement) to which Parent or any of its Affiliates is a party have been, or prior to Closing will have been, duly and validly authorized by all necessary corporate or other action on the part of such Person.

(c) *Binding Effect.* This Agreement has been, and the other Transaction Documents will be at the Closing, duly executed and delivered by Parent or those of its Affiliates that are (or are contemplated to be) party thereto. This Agreement is a legal, valid and binding obligation of Parent

enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. Each of the Transaction Documents other than this Agreement to which Parent or any of its Affiliates is or will be a party, when executed and delivered by such Person, will be legal, valid and binding obligations of such Person enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) *Non-Contravention.* Assuming the receipt of all Required Governmental Approvals, and the expiration of any related waiting periods, the execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated thereby, will not (i) violate or conflict with any provision of the Constituent Documents of Parent or the Target Company (ii) violate or conflict with any Law or Permit applicable to Parent or the Target Company, or (iii) constitute a breach (or event which, with the giving of notice or the lapse of time, would constitute a breach) under, or give any third party any rights of termination, acceleration or cancellation of, or result in the creation of any Encumbrance (other than Permitted Encumbrances) on, any of the assets or properties of the Target Company or the Target Equity Interests, except in the cases of clauses (ii) and (iii) of this Section 3.1(d), for any such conflicts, violations, breaches, terminations, accelerations, cancellations or creations that would not, individually or in the aggregate, have a Company Material Adverse Effect.

Section 3.2 Equity Interests of the Target Company.

(a) The Target Equity Interests constitute all of the issued and outstanding capital stock of the Target Company. The Target Equity Interests have been duly authorized and validly issued and are fully paid and were not issued in violation of any preemptive or other similar right.

(b) Parent owns, directly, all the outstanding Target Equity Interests free and clear of any Encumbrances, except for Permitted Encumbrances or restrictions arising pursuant to this Agreement or applicable Law.

(c) There are no outstanding options, warrants, rights of conversion, exchange or purchase or any similar rights in respect of the Target Equity Interests. Neither Parent nor any of its Affiliates is a party to any Contract currently in effect with respect to the issuance, voting, sale or transfer of the Target Equity Interests (except for this Agreement and except to the extent such rights do not directly encumber the Target Equity Interests).

(d) The Target Company has no subsidiaries and does not own an equity interest or securities convertible or exercisable into an equity interest in any Person.

Section 3.3 Target Company Financial Information.

(a) Subject to such exceptions and qualifications as may be reflected in such financial information, the audited balance sheet and related statement of operations as of and for the years ended December 31, 2014 and 2015 and the unaudited balance sheet and related statement of operations for the six (6) months ended June 30, 2016 of the Target Company (the "Target Company Financial Information") present fairly, in all material respects, in accordance with GAAP, the financial

position and results of operations of the Target Company for the periods and as of the dates indicated therein, except that the unaudited balance sheet and related statement of operations for the six (6) month period ended June 30, 2016 may omit footnote disclosures required by GAAP and year-end adjustments.

(b) The Target Company Financial Information has been derived from the books of account (including the financial records) of the Target Company, and such books of account (including the financial records) have been maintained in all material respects in accordance with commercially reasonable business practices.

Section 3.4 No Undisclosed Liabilities. Except (i) as set forth in the Target Company Financial Information, (ii) for Liabilities incurred by the Target Company since June, 30, 2016 for the Target Company, in the ordinary course of the Target Business, (iii) Liabilities incurred in connection with the transactions contemplated by the Transaction Documents, (iv) for Liabilities of any nature that are not material to the Target Company and (v) for Liabilities that are otherwise the subject of any other representation or warranty contained in this Article III, there are no Liabilities of the Target Company of a character required under GAAP to be reflected or reserved against on a balance sheet.

Section 3.5 Absence of Changes. Except as contemplated by the Transaction Documents and except for any action taken in connection with any effort to sell the Target Company or the Target Business, since June 30, 2016 through the date hereof, the Target Company has operated the Target Business in the ordinary course of business and there has not been:

(a) any change, effect, event or occurrence that has had, individually or in the aggregate, a Company Material Adverse Effect;

(b) any amendment of Constituent Documents of the Target Company;

(c) any acquisition or disposition (i) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any Person or division thereof, or (ii) of any assets that are material, in the aggregate, to the Target Company, taken as a whole, except purchases of supplies and raw materials in the ordinary course of business;

(d) any sale, lease, license, pledge or other disposition, or the creation of any Encumbrance upon (other than Permitted Encumbrances), of any material asset of the Target Company other than in the ordinary course of business;

(e) any capital expenditures or commitments therefor in excess of $100,000 in the aggregate;

(f) except as required to comply with applicable law or agreements, plans or arrangements existing on the date hereof, (i) the adoption, entering into, termination or material amendment of any employment, severance or similar agreement or material benefit plan for the benefit or welfare of any current or former director, officer or employee or any collective bargaining agreement, (ii) increased in any material respect the compensation or fringe benefits of any director, officer or employee (except for annual increases of salaries or changes made in connection with any promotion or increase in duties or responsibilities in the ordinary course of business), (iii) any acceleration of the

payment, right to payment or vesting of any material compensation or benefits, or (iv) any action other than in the ordinary course of business to fund or in any other way secure the payment of compensation or benefits under any Target Benefit Plan;

(g) any material changes in accounting methods, principles or practices, except insofar as may have been required by a change in GAAP;

(h) any election (or change in any election) in respect of Taxes (other than routine elections made in the ordinary course of business consistent with past practice), adoption or change in any accounting method in respect of Taxes, any amendment to a Tax Return, a settlement of any claim or assessment in respect of Taxes in excess of $50,000, a consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any Taxes, or any surrender of a right to claim a refund of any material amount of Taxes, except in each case as required to comply with Law;

(i) any cancellation or compromise of any debt or claim or any material and adverse (from the Target Company's perspective) amendment, modification, cancellation, termination, relinquishment, waiver or release of any contract or right outside of the ordinary course of business;

(j) institution or settlement of any actions, suits or proceedings involving money damages in excess of (i) an aggregate of $50,000 for purposes of this Section 3.5(j) or (ii) an aggregate of $100,000 for purposes of Section 5.1(a)(i);

(k) any incurrence of Indebtedness;

(l) any changes to the amount of any merchant reserve in excess of an aggregate of $1,000,000 for all merchants or $200,000 for a reserve related to a single merchant; and

(m) any agreement, commitment, arrangement or entrance into any understanding to do anything set forth in this Section 3.5.

Section 3.6 No Litigation or Actions. There is no material Action by any Person pending or, to Parent's knowledge, threatened against the Target Company. To Parent's Knowledge, there are no material Government Orders outstanding or unsatisfied against the Target Company or against any of the properties or businesses of the Target Company.

Section 3.7 Approvals. Other than the authorizations, waivers, consents, approvals, filings, registrations, notices and applicable waiting periods as set forth in Section 3.7 of Parent's Disclosure Letter (collectively, the "Parent Required Governmental Approvals"), neither Parent nor any of its Affiliates is required to (i) obtain any authorization, waiver, consent or approval of, (ii) make any filing or registration with, or (iii) give any notice to any Government Authority in connection with or as a condition to the execution, delivery and performance of any of the Transaction Documents or the consummation of the transactions contemplated thereby, other than (1) any authorization, waiver, consent, approval, filing, registration or notice the failure of which to obtain, make or give would not have a Company Material Adverse Effect, or (2) as would be required solely as a result of the identity or regulatory status of Purchaser or its Affiliates.

Section 3.8 Taxes.

(a) All Tax Returns that are required to be filed under applicable Laws on or before the Closing (taking into account any extensions of time in which to file) by the Target Company have been or will be timely filed on or before the Closing. All such Tax Returns are true, accurate and complete in all material respects.

(b) The Target Company has paid all Taxes shown on any Tax Return or any other Taxes due and owing (regardless of whether shown on a Tax Return).

(c) The Target Company is not a party to any audit, examination, investigation, action or proceeding for assessment or collection of any amount of Taxes, nor has such an event been threatened in writing by a Government Authority that remains pending.

(d) No agreements, consents or waivers of any statute of limitations or extension of time with respect to a Tax assessment or deficiency is in effect with respect to any material Taxes of the Target Company.

(e) The Target Company is not a party to any Tax allocation, Tax-sharing agreement or Tax indemnification agreement (other than a leasing or financing contract entered into in the ordinary course of business, the principal purpose of which is not related to Taxes) that will survive Closing.

(f) There are no Encumbrances for Taxes upon any of the assets of the Target Company except Permitted Encumbrances.

(g) The Target Company has no liability for the Taxes of any Person (A) under Treasury Regulations Section 1.1502-6 as a result of being a member of a consolidated group, (B) under any similar provision of state, local or foreign law as a result of being a member of a consolidated, combined or unitary group, or (C) as a transferee or successor, by contract, or otherwise.

(h) The Target Company has properly withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or other Person prior to Closing.

(i) No claim has been made in writing by a Tax authority in a jurisdiction where the Target Company does not file Tax Returns that the Target Company may be subject to taxation by that jurisdiction.

(j) The Target Company has never participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2) and Section 6707A(c)(2) of the Code.

(k) There are no rulings, requests for rulings, closing agreements or determinations relating to the Target Company which would reasonably be expected to affect its liability for Taxes for any Tax period after the Closing.

(l) No amounts paid or payable (whether in cash, in property, or in the form of benefits) by the Target Company in connection with the transaction contemplated by this Agreement

(either solely as a result thereof or as a result of such transactions in conjunction with any other event) will result in the disallowance of a deduction pursuant to Section 280G of the Code.

(m) The Target Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non U.S. income Tax law) executed on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; or (vi) election under Section 108(i) of the Code.

(n) Within the past three (3) years, the Target Company has not distributed stock of another Person or had its stock distributed in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(o) The Target Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(p) The Target Company does not have a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the United States of America.

(q) Parent has provided or made available to Purchaser complete copies of all Tax Returns, audit or examination reports, and notices or statements of deficiencies of the Target Company that were requested in writing by Purchaser or its tax advisors prior to the date of this Agreement.

(r) Notwithstanding anything in this Agreement to the contrary, the representations and warranties contained in Section 3.11 shall not apply to Taxes or other Tax matters.

Section 3.9 Employee Benefit Plans.

(a) Section 3.9(a) of Parent's Disclosure Letter sets forth an accurate and complete list of each material Benefit Plan and separately identifies the material Benefit Plans that are sponsored by the Target Company (the "Target Benefit Plans"). For purposes of this Agreement, "Benefit Plan" means any benefit or compensation plan, program, policy, practice, agreement, contract, arrangement or other obligation, whether or not in writing and whether or not funded, in each case, which is sponsored or maintained by, or required to be contributed to, or with respect to which Parent, the Target Company or any other Controlled Group Member has or could reasonably be expected to have any liability, for the benefit of any current or former Business Employee, officer, director or employee of Parent, the Target Company or any other Controlled Group Member. For purposes of this Agreement, "Controlled Group Member" shall mean Parent, the Target Company, and any person, entity or trade or business, whether or not incorporated, which is required to be aggregated with Parent, or the Target Company under Section 414(b), (c), (m) or (o) of the Code. With respect to each Target Benefit Plan listed on Section 3.9(a) of Parent's Disclosure Letter, Parent has made available to Purchaser, to the extent

applicable, accurate and complete copies of (1) the plan document, including any amendments thereto, (2) the most recently prepared audited financial report and (3) the most recent summary plan description together with any summaries of all material modifications thereto.

(b) Each Target Benefit Plan has been administered in accordance with its terms and is in compliance with applicable Laws, except for any failures to so administer or be in compliance that would not, individually or in the aggregate, have a Company Material Adverse Effect. As of the date hereof, there is no pending or, to Parent's Knowledge, threatened material litigation relating to any Target Benefit Plans. All contributions that the Target Company is required to make to any Benefit Plan have been fully and timely paid when due. Each Target Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be qualified under Section 401(a) of the Code, and to Parent's Knowledge, nothing has occurred that would adversely affect the qualification or tax exemption of any such Target Benefit Plan. To Parent's Knowledge, neither Parent nor the Target Company has engaged in a transaction with respect to any Target Benefit Plan that, assuming the taxable period of such transaction expired as of the date hereof, would reasonably be expected to subject the Target Company or any Target Benefit Plan to a Tax or penalty imposed by either Section 4975 of the Code or Section 502(i) of ERISA in an amount which could be material.

(c) No Benefit Plan is subject to Title IV of ERISA, no Benefit Plan is part of a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA, and no Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3() of ERISA or Section 414(f) of the Code, and no liability under Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA has been or is reasonably expected to be incurred by the Target Company with respect to any Benefit Plan.

(d) With respect to each Target Benefit Plan:

(i) There are no ongoing audits or investigations by any governmental agency and there are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Target Benefit Plan, the assets of the Target Benefit Plan, a Controlled Group Member, any employee, officer or director of a Controlled Group Member or, to the Knowledge of Parent, against any other trustee, fiduciary ort administrator of any Target Benefit Plan;

(ii) If any Target Benefit Plan provides health, accident or medical benefits, (A) the Target Benefit Plan sponsor and administrator have complied in all material respects with the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code (herein collectively referred to as "COBRA") and (B) except as required by applicable Law, no Target Benefit Plan provides retiree or post-employment medical, accident or life benefits. To the extent that any such Target Benefit Plan provides such benefits, Parent or an applicable Subsidiary has reserved the right to amend, terminate or modify such Target Benefit Plan;

(iii) No changes have occurred or are expected to occur that would cause a material increase in the cost of providing benefits under the Target Benefit Plan;

(iv) All contributions with respect to each Target Benefit Plan have been timely made or accrued in accordance with generally accepted accounting principles; and

(v) The consummation of the transactions contemplated by this Agreement will not (A) entitle any current or former employee or officer of the Target Company to severance pay, unemployment compensation or any other similar payment, (B) accelerate the time of payment or vesting under the Target Benefit Plan, (C) increase the amount of compensation due any such employee or officer, (D) directly or indirectly cause the Target Company to transfer or set aside any assets to fund or otherwise provide for the benefits under the Target Benefit Plan for any current or former employee, officer or director, or (E) result in any non-exempt prohibited transaction described in ERISA Section 406 or Code Section 4975.

Section 3.10 Labor Matters.

(a) The Target Company is not a party to any collective bargaining agreement or other agreement with a labor union or like organization, and to the Knowledge of Parent, there are no activities or proceedings underway by any individual or group of individuals, including representatives of any labor organizations or labor unions, to organize any Business Employees or with respect to the Target Company, and no such activities or proceedings have occurred within the past five (5) years.

(b) There is no pending or, to Parent's Knowledge, threatened slowdown, strike, work stoppage, labor dispute or disturbance, or any similar activity or dispute regarding the Target Company or any Business Employees.

(c) The Target Company, and with respect to any Business Employee employed by Parent or an Affiliate of Parent (other than the Target Company), Parent or the applicable Affiliate, has complied in all material respects with all Laws relating to the recruitment, hiring, retention, compensation of employees, employment of labor and termination of employment relationships, including, without limitation, provisions thereof relating to wages and hours (including the classification of Employees as exempt and non-exempt and the payment of overtime), equal opportunity, employment discrimination, equal pay, eligibility for employment in the United States, occupational health and safety (including OSHA), plant closings and layoffs, collective bargaining, classification of independent contractors as non-employees and collection and payment of withholding and social security taxes. Within the past three (3) years, the Target Company has not implemented any employee layoffs or plant closing that would trigger notice requirements under the U.S. Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state or local Law.

(d) Except as otherwise set forth on Section 3.10(d) of Parent's Disclosure Letter, there are no active, pending or, to Parent's Knowledge, threatened administrative or judicial complaints, charges, investigations, inquiries or proceedings against or affecting the Target Company before the U.S. Equal Employment Opportunity Commission, U.S. National Labor Relations Board, U.S. Department of Labor, U.S. Department of Justice, U.S. Occupational Health and Safety Administration or any other Government Authority with respect to the Target Company or any Business Employee. The Target Company is not a party to, or otherwise bound by, any consent decree with, or citation by, any Government Authority relating to Business Employees or employment practices.

(e) All necessary visa or work authorization petitions required to be filed by Parent and its Affiliates and Target Company have been timely and properly filed on behalf of any Business Employees requiring a visa stamp, I-94 status document, employment authorization document, or any other immigration document to legally work for the Target Company in the United States and all

paperwork retention requirements with respect to such applications and petitions have been met. No Business Employee has ever worked for the Target Company without employment authorization from the Department of Homeland Security or any other government agency that must authorize such employment. I-9 Forms have been timely and properly completed by the Target Company for all current and former Business Employees and such I-9 Forms have been lawfully retained and re-verified. There are no claims, lawsuits, actions, arbitrations, administrative or other proceedings, or to the knowledge of Parent or its Affiliates, governmental investigations or inquiries pending or threatened against the Target Company relating to its compliance with immigration Laws. There have been no letters received by the Target Company from the Social Security Administration ("SSA") regarding the failure of any employee's Social Security number to match his or her name in the SSA database.

(f) Except for any right to severance benefits and any termination notice period, in each case, as set forth in any Target Benefit Plan, (i) the employment of all Business Employees presently employed or retained by the Target Company (whether or not pursuant to a written employment agreement) is terminable at will and may be terminated for any reason whatsoever not prohibited by current law, without penalty or liability of any kind other than accrued vacation pay by the Target Company, (ii) the Target Company is not a party to any employment, consulting or similar agreement, written or oral, with any individual and (iii) the Target Company is not delinquent in payments to any Business Employees for any wages, salaries, commissions, bonuses, or other direct compensation for any services performed by them to date or amounts required to be reimbursed to such Business Employees, and has paid or properly accrued in the ordinary course of business all vacations or vacation pay, holidays or holiday pay, sick days or sick pay.

(g) Parent has made available to Purchaser true, correct and complete copies of all material written personnel manuals and handbooks of the Target Company applicable to any Business Employee.

(h) Section 3.10(h) of Parent's Disclosure Letter sets forth a list of the current salary, commissions, unpaid incentive compensation potential for 2016, and years of credited service for each Business Employee who is employed by the Target Company as of the date of this Agreement.

Section 3.11 No Violation of Law; Card Networks; Required Licenses and Permits.

(a) The Target Company has been in compliance in all material respects with all applicable Law since January 1, 2014. The Target Company has not received any written notice of or been charged with any material violation of applicable Laws, except for any such matters that have been resolved prior to the date of this Agreement.

(b) The Target Company is registered by BMO Harris Bank N.A. with the Card Networks and is in good standing with the Card Networks. The Target Company is in compliance in all material respects with the Rules. There is no material investigation, proceeding or disciplinary action, including fines, currently pending, or to Parent's Knowledge, threatened against the Target Company by a Card Network or its applicable agent.

(c) The Target Company is in compliance in all material respects with the applicable requirements of, and certified at the appropriate level of, the Payment Card Industry Data Security Standard and has been in compliance in all material respects with the applicable requirements of the

Payment Card Industry Data Security Standard since January 1, 2014 as such requirements were then in effect.

(d) The Target Company has all material Permits necessary for the conduct of the Target Business, and the Target Business is being conducted in all material respects in compliance with such Permits. The Target Company is not in material default or material violation (and no event has occurred that, with notice or the lapse of time or both, would constitute a material default or material violation) of any term, condition or provision of any of its respective Permits.

Section 3.12 Real Property.

(a) The Target Company does not own, nor has ever owned, any real property.

(b) Section 3.12 of Parent's Disclosure Letter sets forth a complete and accurate list as of the date of this Agreement of all real property leased, subleased or licensed by the Target Company (collectively, "Company Leases") and the location of the premises. Neither the Target Company nor, to Parent's Knowledge, any other party to any Company Lease is in material default under any of the Company Leases, and the Target Company has not received written notice of such default under any Company Leases which remains uncured. All rents, including additional rents and expenses payable to landlord or third parties pursuant to any Company Leases are current. The Target Company has not alleged in writing any material default by any landlord pursuant to any Company Leases which remains uncured. Except as set forth in Section 3.12 of Parent's Disclosure Letter, the Target Company does not lease, sublease or license any real property to any Person. The Target Company has made available to Purchaser true, complete and accurate copies of all Company Leases.

Section 3.13 Intellectual Property and Data Security.

(a) Except as would not have a Company Material Adverse Effect:

(i) the operation of the Target Business as currently conducted and the Target Company's products and services do not infringe or misappropriate the Intellectual Property of any third party, and no Person has asserted in a writing received by Parent that the Target Company has infringed or misappropriated the Intellectual Property of any third party;

(ii) the IT Assets of the Target Company operate and perform without material defect or deficiency and as required by the Target Company in connection with the conduct of the Target Business as now conducted and have not materially malfunctioned or failed within the past eighteen (18) months;

(iii) Section 3.13(a)(iii) of Parent's Disclosure Letter sets forth all Intellectual Property that is registered with any Government Authority and owned by the Target Company;

(iv) Neither Parent nor the Target Company has embedded any Software that is subject to an Open Source License in any Software owned by Parent or the Target Company and distributed in connection with the Target Business;

(v) to Parent's Knowledge, since January 1, 2014 there has been no Data Compromise;

(vi) immediately following the Closing, the Target Company will have the right to use, together with the rights and services provided pursuant to the Transaction Documents, all Intellectual Property and IT Assets necessary to conduct the Target Business in all material respects as it is conducted immediately prior to the Closing;

(vii) the Target Company's collection, storage, transfer (including any transfer across national borders) and/or use of any Personal Information is in compliance with the Target Company's privacy policies and the requirements of any applicable valid and enforceable Contract to which the Target Company is a party;

(viii) the Target Company has implemented commercially reasonable physical, technical, organizational and administrative security measures and policies to protect any Personal Information collected by it from and against unauthorized access, use and/or disclosure; and

(ix) the assignment, transfer and conveyance of Personal Information in the Target Company's possession or under the Target Company's control to Purchaser in connection with the transactions contemplated by this Agreement is not prohibited by any applicable Laws, and the Target Company has the right to transfer such Personal Information to Purchaser in connection with the consummation of the transactions contemplated by this Agreement.

(b) Notwithstanding anything herein or any of the other Transaction Documents to the contrary, this Section 3.13, together with Section 3.14(vi), contains all of the representations and warranties provided by Parent with respect to Intellectual Property and IT Assets for the transactions contemplated by the Transaction Documents, including the sole and exclusive representations and warranties by Parent under all of the Transaction Documents regarding the non-infringement and non-misappropriation of Intellectual Property.

Section 3.14 Specified Contracts.

(a) Section 3.14(a) of Parent's Disclosure Letter lists, as of the date hereof, each of the following Target Contracts (collectively, the "Specified Target Contracts"):

(i) *Future Payment Obligations*. Any Target Contract involving the payment by or to the Target Company of more than $250,000 in any twelve-month period, and which by its terms does not terminate or is not terminable without material penalty by the Target Company upon ninety (90) days or less prior notice;

(ii) *Non-Compete and Non-Solicit*. Any Target Contract containing covenants limiting in any material respect the freedom of the Target Company to compete or operate in any line of business or geographical area or to solicit any customer or potential customer of any Person;

(iii) *Indebtedness*. Any Target Contract relating to any Indebtedness to or from any party to the Target Company in excess of $50,000, other than in the ordinary course of the Target Business;

(iv) *Guarantees*. Any Target Contract under which the Target Company has directly or indirectly guaranteed or otherwise agreed to be responsible for indebtedness for borrowed money or other Liabilities of any Person in excess of $200,000;

(v) *Transactions*. Any agreement for the acquisition or disposition by the Target Company of any business, division, product line or the capital stock of any Person or any partnership or joint venture agreement;

(vi) *Licenses*. Any Target Contract that is material to the Target Company, pursuant to which (A) the Target Company receives a license to the Intellectual Property of a third party (other than licenses from Parent or any of its Affiliates and excluding any licenses for off the shelf software that are generally commercially available) or (B) the Target Company grants a license to any Intellectual Property owned by the Target Company to a third party;

(vii) *Settlements and Orders.* Any Target Contracts reflecting the settlement of any threatened or pending Actions, other than (A) releases entered into with former employees and independent contractors on an individual (and not class or collective) basis in connection with the cessation of such employee's or independent contractor's employment with the Target Company and (B) settlement agreements under which the Target Company has no continuing obligations, liabilities or rights;

(viii) *Card Networks; Sponsorship Agreements*. Any Target Contract with any Card Network and any Target Contract with a member of a Card Network, in each case enabling the Target Company to participate in a Card Network;

(ix) *Most Favored Nation*. Each Target Contract that provides for "most favored nation" or "preferred pricing" or similar terms or conditions with respect to the Target Company's provision of its products and services;

(x) *Government Contracts*. Each Target Contract with a Government Authority (other than Merchant Agreements entered into in the ordinary course); or

(xi) *BIN Sponsor Agreements*. Each Contract under which BMO Harris Bank N.A. establishes and maintains a dedicated BIN/ICA for an independent sales organization.

(b) As of the date hereof, each Specified Target Contract is a valid and binding obligation of, and is an enforceable obligation against, the Target Company or BMO Harris Bank N.A., as applicable (subject in each case to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, rehabilitation, liquidation, fraudulent conveyance, preferential transfer or similar Laws now or hereafter in effect relating to or affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or law)), except for such failures to be valid, binding or enforceable as would not, individually or in the aggregate, have a Company Material Adverse Effect. As of the date hereof, none of the Target Company, BMO Harris Bank N.A. or, to Parent's Knowledge, any other party to a Specified Target Contract is in breach of a Specified Target Contract, except for any such breaches that would not, individually or in the aggregate, have a Company Material Adverse Effect.

(c) The Target Company has paid to First Data Merchant Services Corporation all Minimum Fees (as defined in the FD Agreement) through April 30, 2017 as set forth and required by the FD Agreement.

Section 3.15 Title to Assets. The Target Company has good and marketable title to, or a valid leasehold interest in, all material properties and assets (other than real property, Intellectual Property and IT Assets) used in the Target Business as is presently being conducted or reflected in the most recent Target Company Financial Information for such entity (other than those disposed of since the date of such applicable Target Company Financial Information in the ordinary course of business or in compliance with the provisions of this Agreement), free and clear of all Encumbrances other than Permitted Encumbrances. All leases and licenses pursuant to which the Target Company leases or licenses material property or assets (other than real property, Intellectual Property and IT Assets) from others are valid and effective as to the Target Company, in accordance with their respective terms, and there is not, with respect to the Target Company and, to Parent's Knowledge, with respect to any other party, under any of such leases or licenses, any existing material default (or event which with notice or lapse of time, or both, would constitute a material default). To Parent's Knowledge, immediately following the Closing, the Target Company will own or have the right to use, together with the rights and services provided pursuant to the Transaction Documents, all of the assets, properties and rights (other than Intellectual Property and IT Assets) necessary to conduct the Target Business in all material respects as it is conducted immediately prior to the Closing.

Section 3.16 Insurance. The Target Company maintains the amount and scope of insurance coverage under the policies or contracts set forth on Section 3.16 of Parent's Disclosure Letter (the "Insurance Policies"). All of the Insurance Policies are in full force and effect and all insurance premiums due thereon have been paid in full when due, except, in each case, as would not be material to the Target Company, taken as a whole. Purchaser has been provided with true and complete copies of all Insurance Policies held by the Target Company. The Target Company has not received in writing any notice of cancellation or termination or denial of coverage with respect to any such policy, except to the extent such policy has expired and been replaced in the ordinary course of business consistent in all material respects with past practice. As of the date hereof, there are no material outstanding claims related to the Target Business under any Insurance Policy or default with respect to the provisions in any Insurance Policy.

Section 3.17 Finder's Fees. There is no investment banker, broker, finder or other intermediary, other than BMO Capital Markets Corp. and RBC Capital Markets LLC, that has been retained by or is authorized to act on behalf of Parent or its Affiliates who would be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 3.18 Transactions with Affiliates. Section 3.18 of Parent's Disclosure Letter contains a list of all Related Party Contracts.

Section 3.19 Merchants, Referral Partners and Vendors.

(a) Section 3.19(a) of Parent's Disclosure Letter sets forth (i) the twenty (20) largest Merchant customers of the Target Company for the six-month period ending on June 30, 2016 (the "Top Merchants"), and the corresponding gross margin attributable to each such Top Merchant during such period, (ii) the twenty (20) largest, by residuals paid, registered independent sales organizations and/or MasterCard service providers (as defined under the rules of the Card Networks) of the Target Company for the six-month period ending on June 30, 2016 (the "Top ISO Referral Partners"), and the corresponding gross margin attributable to each such Top ISO Referral Partner during such period, (iii) those vendors to whom the Target Company paid at least Two Hundred Fifty Thousand Dollars ($250,000) for the one (1) year period ending on June 30, 2016 (the "Top Vendors"), and the total purchases by the Target Company from each such Top Vendor during such period, (iv) the twenty (20) largest, by residuals paid, referral partners (other than Top ISO Referral Partners or Top Bank Referral Partners) who partner with the Target Company for the six-month period ending on June 30, 2016 (the "Top Non-ISO Referral Partners"), and the corresponding gross margin attributable to each such Top Non-ISO Referral Partner, and (v) the ten (10) largest bank referral partners, by residuals paid, of the Target Company for the six-month period ending June 30, 2016 (the "Top Bank Referral Partners"), and the corresponding gross margin attributable for such Top Bank Referral Partners during such period.

(b) As of the date of this Agreement, no Top Merchant, Top ISO Referral Partner, Top Vendor, Top Non-ISO Referral Partner or Top Bank Referral Partner has terminated its relationship with the Target Company or materially and adversely (from the Target Company's perspective) changed the pricing or other terms of its business relationship with the Target Company and the Target Company has not received any written notice from any Top Merchant, Top ISO Referral Partner, Top Vendor, Top Non-ISO Referral Partner or Top Bank Referral Partner that it intends to terminate or materially and adversely change the pricing or other terms of its business relationship with the Target Company.

(c) Parent has made available to Purchaser true and complete copies of the standard forms of Merchant Agreements used by the Target Company in conducting the Target Business from and after January 1, 2012.

(d) Except as set forth on Section 3.19(d) of Parent's Disclosure Letter (i) no Merchant is a "Prohibited" Merchant as defined in Parent's Prohibited and Restricted Merchant Policy, which has been made available to Purchaser prior to the date hereof, and (ii) no Merchant is primarily engaged in payday lending, High Interest Rate Consumer Lending, any illegal activities, marijuana related industries including dispensaries, producers, growers, cultivators or sales, internet gambling including operating an internet gambling company or site, providing services as a Money Service Business to an internet gambling company or site, adult entertainment, activities under merchant category code 5967, online gun sales, exchanges/exchangers of Bitcoin or other crypto/virtual currencies. From January 1, 2015 to the date of this Agreement, the Target Company has not received, with respect to any Merchant receiving Acquiring services from the Target Company pursuant to a Merchant Agreement in effect as of the date of this Agreement, any written notice (i) from a Card Network that any such

Merchant is not in compliance with the Rules, other than routine notices or compliance issues that have been resolved, (ii) that any such Merchant is subject to any Action or inquiry before, or is subject to a Governmental Order with, the Federal Trade Commission, the Consumer Financial Protection Bureau or other Government Authority with regard to such Merchant's business practices, other than Actions, inquiries or Governmental Orders that have been resolved, (iii) that any such Merchant is required to participate in any "Risk Monitoring Service," "Excessive Chargeback Monitoring," programs or are "Chargeback Monitored Merchants" as defined in the Rules or has been placed on the "MATCH" (Merchant Alert to Control High-Risk) File or its equivalent, other than any such issues that have been resolved or (iv) that any such Merchant has had any unauthorized acquisition, unauthorized disclosure or theft of any Sensitive Data.

(e) Section 3.19(e) of Parent's Disclosure Letter sets forth the rate of Chargebacks of the Target Company for each month in 2015 and for the first eight months of 2016.

Section 3.20 Anti-Money Laundering. Parent maintains a written anti-money laundering program (the "AML Program"), a true and complete copy of which has been provided to Purchaser. The AML Program includes policies, procedures and controls designed to ensure compliance with applicable Laws relating to anti-money laundering. The AML Program includes: (i) policies for the detection of suspicious activity and monitoring, including (A) screening of potential Merchants initially and on an ongoing basis against industry watch lists including the US OFAC SDN List, (B) customer identification and know your customer requirements, including credit reviews, background checks of principal owners and financial statements (where applicable), (C) beneficial ownership identification on anyone owning 25% or more of a potential Merchant and (D) customer risk scoring through application of a risk scoring methodology; (ii) development of internal policies, procedures, and controls designed to effectuate the AML Program obligations; and (iii) ongoing training of applicable personnel on anti-money laundering and sanctions. Since January 1, 2015, the Target Company has complied in all material respects with (i) the AML Program and (ii) anti-money laundering provisions under the Bank Secrecy Act and/or the USA Patriot Act of 2001 applicable to the Target Company pursuant to any Target Contract.

Section 3.21 Environmental Matters. The Target Company has not received any material written notice alleging that it has not complied with applicable Environmental Laws. The Target Company has not received a written notice that it is subject to any material liability for any Hazardous Substance disposal or contamination in violation of any Environmental Law. To Purchaser's Knowledge, the Target Company has not released any Hazardous Substance into the environment except (i) in compliance with Law or (ii) in an amount or concentration that would not reasonably be expected to give rise to any material liability or obligation under any Environmental Law. The Target Company is not subject to any Governmental Order addressing liability under any Environmental Law and the Target Company is in material compliance with all Environmental Laws.

Section 3.22 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III (as qualified by the applicable items disclosed in Parent's Disclosure Letter), neither Parent nor any other Person makes any express or implied representation or warranty on behalf of Parent or any of its Affiliates, and Parent disclaims any other representations or warranties.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in Purchaser's Disclosure Letter, Purchaser represents and warrants to Parent, as of the date hereof and as of the Closing Date (except to the extent any such representation and warranty relates to a specific date, in which case Purchaser hereby makes to Parent such representation and warranty only as of such date), as follows:

Section 4.1 Organization, Authorization, Enforceability, Non-Contravention.

(a) *Organization*. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nebraska and has the requisite corporate or other organizational power to own, operate or lease the properties and assets owned, operated or leased by it and to conduct its business as presently conducted.

(b) *Corporate Authorization*. Purchaser and each of its Affiliates that is a party to any of the Transaction Documents have full corporate or other organizational power and authority to execute and deliver the Transaction Documents to which it is a party and to perform its obligations under, and consummate the transactions contemplated by, each such Transaction Document. The execution, delivery and performance of this Agreement by Purchaser have been duly and validly authorized by all necessary corporate action on the part of Purchaser. The execution, delivery and performance of each of the Transaction Documents (other than this Agreement) to which Purchaser or any of its Affiliates is a party have been, or prior to Closing will have been, duly and validly authorized by all necessary corporate or other action on the part of such Person.

(c) *Binding Effect*. This Agreement has been, and the other Transaction Documents will be at the Closing, duly executed and delivered by Purchaser or those of its Affiliates that are (or are contemplated to be) party thereto. This Agreement is a legal, valid and binding obligation of Purchaser enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. Each of the Transaction Documents other than this Agreement to which Purchaser or any of its Affiliates is or will be a party, when executed and delivered by such Person, will be legal, valid and binding obligations of such Person enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) *Non-Contravention*. Assuming the receipt of all Required Governmental Approvals, and the expiration of any related waiting periods, the execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated thereby, will not (i) violate or conflict with any provision of the Constituent Documents of Purchaser or any of its Affiliates, (ii) violate or conflict with any Law or Permit applicable to Purchaser or any of its Affiliates, or (iii) constitute a breach (or event which, with the giving of notice or the lapse of time, would constitute a breach) under, or give any third party any rights of termination, acceleration or cancellation of, or result in the creation of any Encumbrance (other than Permitted Encumbrances) on any of the assets or properties of Purchaser or any of its Affiliates, pursuant to any Contract or Government Order to which Purchaser or any of its Affiliates is a party, except in the cases of clauses (ii) and (iii) of this Section 4.1

(d), for any such conflicts, violations, breaches, terminations, accelerations, cancellations or creations that would not be reasonably likely to have a Purchaser Material Adverse Effect.

Section 4.2 Financing. As of the Closing, Purchaser will have available sufficient cash, available lines of credit, committed debt or equity financing, or other sources of immediately available funds to enable it to consummate the transactions contemplated by this Agreement and perform its obligations hereunder. Purchaser's obligations hereunder are not subject to any condition regarding Purchaser's ability to obtain financing for the consummation of the transactions contemplated hereunder.

Section 4.3 Approvals. Other than the authorizations, waivers, consents, approvals, filings, registrations, notices and applicable waiting periods as set forth in Section 4.3 of Purchaser's Disclosure Letter (collectively, the "Purchaser Required Governmental Approvals"), neither Purchaser nor any of its Affiliates is required to (i) obtain any authorization, waiver, consent or approval of, (ii) make any filing or registration with, or (iii) give any notice to, any Government Authority in connection with or as a condition to the execution, delivery and performance of any of the Transaction Documents or the consummation of the transactions contemplated thereby, other than any authorization, waiver, consent, approval, filing, registration or notice the failure of which to obtain, make or give would not be reasonably likely to have a Purchaser Material Adverse Effect. To Purchaser's Knowledge, there is no reason relating to Purchaser or its Affiliates that would reasonably be likely to result in the failure of any Purchaser Required Governmental Approvals to be received in a timely manner in order to permit the consummation of the transactions contemplated by this Agreement.

Section 4.4 Finder's Fees. Except for Credit Suisse Group AG, whose fees will be paid by Purchaser or one of its Affiliates, there is no other investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Purchaser or its Affiliates who would be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 4.5 No Litigation. There is no Action by any Person pending or, to Purchaser's Knowledge, threatened against Purchaser or its Affiliates and there are no unsatisfied or outstanding Government Orders against Purchaser or against any of the properties or business of Purchaser that would individually or in the aggregate, have a Purchaser Material Adverse Effect.

Section 4.6 Securities Law Compliance. Purchaser is financially sophisticated and is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act. Purchaser understands that the Target Equity Interests have not been registered under the securities laws of any jurisdiction, including the Securities Act, and may only be transferred pursuant to registration or an applicable exemption under all applicable Laws. Purchaser is acquiring the Target Equity Interests for its own account, for the purpose of investment only and not with a view to, or for sale in connection with, any distribution thereof in violation of applicable Law. Purchaser has not, directly or indirectly, offered the Target Equity Interests to anyone or solicited any offer to buy the Target Equity Interests from anyone, in each case that would have the effect of bringing such offer and sale of the Target Equity Interests by Purchaser within the registration requirements of the Securities Act or the securities Laws of any other jurisdiction.

Section 4.7 Due Diligence by Purchaser. Purchaser acknowledges that it has, as of the Closing, conducted to its satisfaction an independent investigation of the Target Business and the operations, assets, Liabilities and financial condition of the Target Company in making the determination

to proceed with the transactions contemplated by the Transaction Documents and has relied solely on the results of its own independent investigation and the representations and warranties in Article III in connection with the Target Company and the subject matter of this Agreement. Purchaser has, among other things, had full access to the Virtual Data Room and received Parent's Disclosure Letter. Purchaser has been given sufficient access to all information required by it and as it considers appropriate to evaluate its purchase of the Target Equity Interests. Purchaser has also received certain projections and other forecasts (including in the "Confidential Information Presentation" relating to the Target Business), including projected financial statements, cash flow items, capital expenditure budgets and certain business plan information, and acknowledges that (i) there are uncertainties inherent in attempting to make such projections and forecasts and, accordingly, it is not relying on them, (ii) Purchaser is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts, (iii) Purchaser has no claim under this Agreement against anyone with respect to the accuracy of such projections and forecasts, and (iv) Parent has made no representation or warranty with respect to such projections and forecasts. The representations and warranties of Parent in Article III constitute the sole and exclusive representations and warranties of Parent to Purchaser in connection with the transactions contemplated by this Agreement, and Purchaser understands, acknowledges and agrees that, except as set forth in Article III, all other representations and warranties of any kind or nature, express or implied (including any relating to the future or historical financial condition, results of operations, assets or Liabilities of the Target Company or the quality, quantity or condition of the assets of the Target Company), are specifically disclaimed by Parent. Purchaser hereby waives any other warranty or representation, in each case, express or implied, as to the quality, merchantability, fitness for a particular purpose or condition of the Target Company or any part thereof.

Section 4.8 Solvency. After giving effect to the payment of all amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement, and payment of all related fees and expenses, Purchaser will be Solvent as of and immediately following the Closing. For purposes of this Agreement, the term "Solvent," when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "fair saleable value" of the assets of such Person will, as of such date, exceed (i) the value of all "liabilities of such person, including contingent and other liabilities," as of such date, as such quoted terms are generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors, and (ii) the amount that will be required to pay the probable Liabilities of such Person as such debts become absolute and mature, (b) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date, and (c) such Person will be able to pay its Liabilities as they mature.

Section 4.9 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV (as qualified by the applicable items disclosed in Purchaser's Disclosure Letter), neither Purchaser nor any other Person makes any express or implied representation or warranty on behalf of Purchaser or any of its Affiliates, and Purchaser disclaims any other representations or warranties.

ARTICLE V
COVENANTS

Section 5.1 Conduct of the Target Business.

(a) Parent shall, between the date hereof and the Closing, cause the Target Company (except in each case as referred to in Section 5.1(b) or as may be approved by Purchaser (such approval not to be unreasonably withheld, conditioned or delayed)) to (1) carry on the Target Business in the ordinary course of business, and (2) not:

(i) take any action which would result in any of the events described in Section 3.5(b) - (l) hereof;

(ii) sell, pledge, transfer, dispose of, create, allot or issue any Encumbrance (other than Permitted Encumbrances) for, any Target Equity Interests;

(iii) adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of the Target Company;

(iv) (1) make any distribution on the Target Company's shares of capital stock (whether in cash, stock, equity rights or property), (2) declare or pay any dividend, (3) split, combine or reclassify any of its shares of capital stock or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, any of its shares of capital stock, (4) effect a reduction of the capital, (5) purchase, redeem or otherwise acquire any of its shares of capital stock or any rights, warrants or options to acquire any shares of capital stock, or (6) enter into any contractual commitment to effect any of the foregoing;

(v) commence any proceeding or file any petition in any court relating to the bankruptcy, reorganization, insolvency, dissolution, liquidation or relief from debtors, in any case, in respect of the Target Company;

(vi) amend, modify, waive or terminate, in each case, in any material respect, any material right under any existing Specified Target Contract or any Target Contract with any Top Merchant, Top ISO Referral Partner, Top Vendor, Top Non-ISO Referral Partner or Top Bank Referral Partner, except renewals of such existing contracts on terms that are, in the aggregate, at least as favorable to the Target Company as the terms thereof on the date of this Agreement; or

(vii) affirmatively authorize or commit to do any of the actions prohibited by this Section 5.1(a).

(b) Notwithstanding anything to the contrary in Section 5.1(a), or any other provision of this Agreement or any other Transaction Document, neither Parent nor any of its Affiliates shall be prevented from undertaking, be required to obtain Purchaser's consent in relation to, or incur any Liability as a result of effecting any of the following:

(i) any matter required by Law or required to be taken by any Government Authority;

(ii) the implementation of any transaction or the taking of any action contemplated or referred to in, or otherwise permitted under, any Transaction Document;

(iii) any matter disclosed in Parent's Disclosure Letter;

(iv) the performance of an obligation under any Contract existing as at the date hereof;

(v) the contribution of any funding to the Target Company;

(vi) the release or discharge of any Liability owed by the Target Company to Parent or any of its Affiliates, or owed by Parent or any of its Affiliates to the Target Company; or

(vii) any action taken in connection with disaster recovery or related emergency response efforts with the intention of minimizing any adverse effect resulting from such efforts (provided that Parent shall promptly notify Purchaser of any such efforts).

(c) Subject to the Net Working Capital adjustment to the Purchase Price provided in Sections 2.2 and 2.3 hereof, notwithstanding anything to the contrary in this Agreement (including this Section 5.1, other than Section 5.1(a)(iv)), Purchaser agrees and permits the Target Company to, on or prior to Closing, declare and pay to Parent a single cash distribution of up to such amount as Parent or the Target Company reasonably believes would ensure that (i) the Net Working Capital at Closing is, or around, the Target Net Working Capital and (ii) the Target Company has sufficient unrestricted cash necessary to fund the Adjusted Settlement Liability at the Closing.

Section 5.2 Sale of Target Equity Interests. Between the date hereof and the Closing, Parent shall not (except as may be approved by Purchaser (such approval not to be unreasonably withheld, conditioned or delayed)), issue, sell, transfer, dispose of or encumber any Target Equity Interests, or rights in respect thereof, or admit any new partner or member with respect to the Target Company, except as may be disclosed in Parent's Disclosure Letter.

Section 5.3 Cooperation.

(a) The Parties shall, and shall cause their respective Affiliates to, cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on their respective parts under this Agreement and applicable Laws to satisfy the conditions set forth in Article VI and to consummate and make effective the transactions contemplated by the Transaction Documents with the intent of effecting the Closing as promptly as practicable, including preparing and filing all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) in order to consummate the transactions contemplated by this Agreement and the other Transaction Documents and obtain all other necessary consents, approvals or waivers from third parties; provided, however, that each Party agrees to, and to cause its respective Affiliates to, reasonably consult with each other in advance of any filing, and agrees to consider and reasonably take into account the views of the other Party in connection with each such filing. Without limiting the generality of the foregoing, each Party shall, and shall cause its respective Affiliates to, make timely and as promptly as practicable (and in no event later than fifteen (15) calendar days after the date hereof) all filings and submissions required under any applicable Law in connection with the

Transaction Documents and the transactions contemplated thereby, and file promptly any additional information requested under any applicable Law in connection therewith, after receipt of the request therefor.

(b) Without limiting the generality of this Section 5.3, the Parties shall reasonably cooperate with each other and shall each furnish to the other all information reasonably necessary or desirable in connection with making any application or other filing required to be made pursuant to any applicable Law, and in connection with resolving any investigation or other inquiry by any Government Authority under any applicable Laws, in each case, with respect to the transactions contemplated by the Transaction Documents. Each Party shall as promptly as reasonably practicable inform the other of any communication with or from, and any proposed understanding, undertaking or agreement with, any Government Authority regarding such applications and filings. Neither Party nor any of their respective Representatives shall agree to participate in any substantive meeting or discussion with any Government Authority in respect of any filing, investigation or inquiry concerning the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent permitted by such Government Authority, gives the other Party the opportunity to attend. The Parties shall consult and reasonably cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either Party in connection with all meetings, actions and proceedings under or relating to any applicable Laws in connection with the transactions contemplated by this Agreement (including, with respect to making a particular filing, by providing copies of all such documents to the non-filing Party prior to filing, giving due consideration to all reasonable additions, deletions or changes suggested in connection therewith). Any such provision of information by one Party to the other may be made on a counsel-only basis to the extent required under applicable Law (including any anti-gun jumping Laws), and any such materials may be redacted (i) to remove references concerning the valuation of the Target Company, (ii) as necessary to comply with contractual arrangements, (iii) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns or (iv) as otherwise necessary to comply with applicable Law. Notwithstanding anything to the contrary in this Agreement, to the extent that Parent would be required to provide copies of materials submitted or intended for submission by either of the Parent Shareholders to OSFI or any other Government Authority, Parent shall be permitted to redact from such copies information relating to the business or operations of such Parent Shareholder, and Parent need not include Purchaser in meetings, or portions of meetings, between such Parent Shareholder and OSFI or any other Government Authority in which the business or operations of such Parent Shareholder will be discussed.

(c) Without limiting the generality of this Section 5.3, Purchaser agrees to take or cause to be taken all actions necessary (1) to obtain any and all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) to cause the transactions contemplated by this Agreement to occur prior to the Outside Date and (2) to avoid, resist, vacate, reverse, prevent or eliminate each and every impediment to obtaining any and all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) to cause the transactions contemplated by this Agreement to occur prior to the Outside Date, including in each case:

(i) all actions necessary to avoid the entry of any permanent, preliminary

or temporary Government Order that would delay, restrain, prevent, enjoin or otherwise prohibit consummation of the transactions contemplated by this Agreement or any other Transaction Document, including the defense through litigation on the merits of any claim asserted in any court, agency or other proceeding by any Person seeking to delay, restrain, prevent, enjoin or otherwise prohibit consummation of the transactions contemplated by this Agreement or any other Transaction Document;

(ii) accepting the imposition of any condition by any Government Authority if such condition should be reasonably necessary or advisable to avoid, prevent, eliminate or remove the actual, anticipated or threatened (A) commencement of any legal proceeding in any forum or (B) issuance of any Government Order that would delay, restrain, prevent, enjoin or otherwise prohibit consummation of the transactions contemplated by this Agreement, or any other Transaction Document, by any Government Authority with jurisdiction over enforcement of any applicable Laws;

(iii) in the event that any permanent, preliminary or temporary Government Order is entered or issued, or becomes reasonably foreseeable to be entered or issued, in any legal proceeding or inquiry of any kind that would make consummation of the transactions contemplated by this Agreement or any other Transaction Document in accordance with its or their terms unlawful or that would delay, restrain, prevent, enjoin or otherwise prohibit consummation of the transactions contemplated by this Agreement or any other Transaction Document, any and all actions necessary to resist, vacate, modify, reverse, suspend, prevent, eliminate or remove such actual, anticipated or threatened Government Order so as to permit such consummation prior to the Outside Date;

(iv) offering, negotiating, committing and agreeing to, and effecting, by agreement, consent decree, hold separate order or otherwise, the sale, divestiture, license or other disposition of such assets, rights, product lines, licenses, categories of assets or businesses or other operations or interests therein owned or operated by Purchaser or any of its Affiliates; and

(v) offering, negotiating, committing and agreeing to, and effecting, by agreement, consent decree, hold separate order or otherwise, any other restrictions on the activities of Purchaser or any of its Affiliates.

(d) The Parties shall keep each other apprised of the status of matters relating to completion of the transactions contemplated by this Agreement, including promptly furnishing the other with copies of any material notices or other communications received by either Party or its Affiliates (as the case may be) or, to its Knowledge, its Representatives from any Government Authority with respect to the transactions contemplated by this Agreement, in each case to the extent permitted by applicable Law. The Parties shall give notice to each other as promptly as reasonably practical of any development or combination of developments that, individually or in the aggregate, is reasonably likely to prevent, materially delay or materially impair its respective ability to consummate the transactions contemplated by this Agreement, including the failure to satisfy a condition to the Closing set forth in Article VI; provided, however, that no such notification shall affect the representations, warranties, covenants or obligations of the Parties or the conditions to the obligations of the Parties under this Agreement.

Section 5.4 Access and Information.

(a) From the date hereof until the Closing, subject to any applicable Law, Parent, in its reasonable discretion and to the extent not disruptive to the employees of the Target Company, the Target Business and the senior management of the Target Company, shall, and shall cause its Affiliates to, afford Purchaser and its Affiliates, subject to any contractual restrictions, reasonable access during normal business hours upon reasonable advance notice to the books and records of the Target Business and senior management of the Target Company and its agents and auditors to the extent reasonably required by Purchaser to ensure an orderly and efficient transition of the Target Business to Purchaser, to prepare for the Closing and to facilitate the satisfaction of the conditions to the Closing under Article VI; provided, however, that in no event shall Purchaser have access to any information (i) that relates to any portion of the business of Parent or its Affiliates that is not being transferred pursuant to this Agreement (including any consolidated, combined, affiliated or unitary Tax Return which includes Parent or any of its Affiliates or any tax-related work papers, except, in each case, for materials or portions thereof that relate solely to the Target Company) or (ii) in Parent's reasonable determination, the disclosure of which could be reasonably expected to affect any legal privilege or result in (A) the disclosure of any trade secrets, (B) the violation of any obligations of Parent or Parent's Affiliates with respect to confidentiality if Parent or Parent's Affiliates shall have used commercially reasonable efforts to obtain the consent of such third party to such inspection or disclosure or (C) the violation of applicable Law. In the event that disclosing information would violate any obligation of Parent or any of its Affiliates with respect to confidentiality, the Parties shall reasonably cooperate so the information might be made available in a redacted format, or, if such redaction would result in pertinent information being omitted, Parent shall make such information available if Purchaser delivers confidentiality, and if reasonably required, indemnity undertakings reasonably satisfactory to Parent. Notwithstanding anything to the contrary herein, the auditors and independent accountants of Parent or any of its Affiliates shall not be obligated to make any work papers available to any Person unless and until such Person has entered into reasonable and customary third-party access and confidentiality agreements in form and substance acceptable to such auditors or accountants. Notwithstanding anything to the contrary herein, neither Parent nor any of its Affiliates shall be required to disclose to Purchaser or any Representative of Purchaser any consolidated, combined, affiliated or unitary tax return which includes Parent or any of its Affiliates or any tax-related work papers, except, in each case, for materials or portions thereof that relate solely to the Target Company.

(b) Following the Closing, to the extent permitted by applicable Law, Purchaser agrees to provide (or cause its Affiliates to provide) Parent with all necessary access to all books and records and other documents (including, for the avoidance of doubt, Tax Returns and other information and documents relating to Tax matters) that it acquires pursuant to this Agreement and to its assets, properties and Representatives, in each case, to the extent that such access is reasonably required by Parent, its Affiliates or the Parent Shareholders, (i) to prepare financial statements, Tax filings or regulatory filings of Parent in respect of periods ending on or prior to the Closing Date, (ii) to comply with the terms of any Transaction Document, any applicable Law or request of any Government Authority, (iii) to defend or prosecute any judicial, arbitral or regulatory proceeding to which Parent or any of its Affiliates is a party relating to the business and affairs of the Target Company prior to the Closing, or (iv) in connection with any claim for indemnity made under or pursuant to this Agreement, in each case, subject in the case of any Confidential Information of Purchaser or any of its Affiliates to Parent and its Representatives agreeing to maintain the confidentiality of such information (except in the case of information required to prepare Tax filings or regulatory filings of Parent in respect of periods ending on or prior to the Closing Date); provided, however, that in no event shall Parent have access to any information the disclosure of which, based on advice of Purchaser's counsel, or in Purchaser's

reasonable determination, would violate applicable Law or could destroy any legal privilege. In the event that disclosing information would violate any obligation of Purchaser or any of its Affiliates with respect to confidentiality, the Parties shall reasonably cooperate so the information might be made available in a redacted format, or, if such redaction would result in pertinent information being omitted, Purchaser shall make such information available if Parent delivers confidentiality, and if reasonably required, indemnity, undertakings reasonably satisfactory to Purchaser. Notwithstanding anything to the contrary herein, the auditors and independent accountants of Purchaser or any of its Affiliates shall not be obligated to make any work papers available to any Person unless and until such Person has entered into reasonable and customary third-party access and confidentiality agreements in form and substance acceptable to such auditors or accountants. Purchaser agrees to (or to cause its Affiliates to) retain and preserve all books and records and all other documents that it and its Affiliates acquire pursuant to this Agreement for at least six (6) years following the Closing Date (or longer if required by applicable Law, including, in the case of books and records and other documents that relate to Tax matters, until the statutory period of limitations for assessing Taxes with respect to the Tax matters to which such books and records and other documents relate expires); provided that after such six-year (or other) period, Purchaser shall use its reasonable best efforts to provide Parent with at least ninety (90) days' written notice prior to destroying or disposing of any such books, records and other documents, at which time and at the option and expense of Parent, Purchaser shall deliver such books, data, files, information, records, documents, correspondence and other materials to Parent.

Section 5.5 Books and Records.

(a) Subject to Section 5.6(b), Parent, its Affiliates and the Parent Shareholders shall have the right to retain copies of all books, data, files, information and records in any media (including, for the avoidance of doubt, tax returns and other information and documents relating to tax matters) of the Target Company and the Target Business relating to periods ending on or prior to the Closing Date (i) relating to information (including employment and medical records) regarding the Business Employees, (ii) as required by any legal or regulatory authority, including any applicable Law or regulatory request or (iii) as may be necessary for Parent, its Affiliates and the Parent Shareholders to perform their respective obligations pursuant to the Transaction Documents or any other agreement between Parent, its Affiliates and the Parent Shareholders, on the one hand, and the Target Company, on the other hand, that will remain in effect after the Closing, in each case subject to compliance with all applicable privacy Laws. With respect to all original books, data, files, information and records of the Target Company existing as of the Closing Date, Purchaser shall, and shall cause the Target Company to, (A) comply in all material respects with all applicable Laws, including the Code, relating to the preservation and retention of records, (B) apply preservation and retention policies that are no less stringent than those generally applied by Purchaser and (C) for at least six (6) years after the Closing Date or until notice is received from Parent of the expiration of the applicable statute of limitations for tax purposes, whichever is later, preserve and retain all such original books, data, files, information and records and thereafter dispose of such original books, data, files, information and records only after it shall have given Parent ninety (90) days' prior written notice of such disposition and the opportunity (at Parent's expense) to remove and retain such information.

(b) Notwithstanding anything to the contrary contained in the Transaction Documents, to the extent that Parent, its Affiliates and the Parent Shareholders has retained books, records, files, tapes, software, data, documents, hardware, storage devices or other information, materials or equipment that are not used in the operation of the business of the Target Company or required by

the Target Company for regulatory purposes ("Archived Files") pursuant to a litigation hold or otherwise, Purchaser acknowledges and agrees that the Archived Files are solely the property of Parent, its Affiliates or the Parent Shareholders, as applicable. The Archived Files that relate to the Target Company will be retained for no less than three (3) months post-Closing after which Parent, its Affiliates or the Parent Shareholders, as applicable, may recycle or discard such Archived Files.

Section 5.6 Confidentiality.

(a) Sections 1 and 2 of the Confidentiality Agreement shall cease to have any force or effect as of the Closing Date.

(b) Subject to Section 5.7 and Section 5.6(c), from and after the Closing Date, (i) each Party that receives or obtains Confidential Information, or whose Representatives receive or obtain Confidential Information (collectively, the "Receiving Party"), from the other Party or any of its Representatives (collectively, the "Disclosing Party") as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) shall treat such Confidential Information as confidential and shall not disclose or use any such Confidential Information except as provided herein.

(c) Section 5.6(b) shall not prohibit disclosure or use of any Confidential Information if and to the extent: (i) the disclosure or use is required by Law or any recognized stock exchange on which the Equity Interests of the Receiving Party or its Affiliates are listed (provided that, to the extent permitted by applicable Law, prior to such disclosure or use the Receiving Party shall (A) promptly notify the Disclosing Party of such requirement and provide the Disclosing Party with a list of Confidential Information to be disclosed and (B) reasonably cooperate in obtaining a protective order covering, or confidential treatment for, such Confidential Information), (ii) disclosed to any Government Authority with jurisdiction over the Receiving Party or its Affiliates (provided that, to the extent permitted by applicable Law, prior to such disclosure the Receiving Party shall (A) promptly notify the Disclosing Party of such requirement and provide the Disclosing Party with a list of Confidential Information to be disclosed and (B) reasonably cooperate in obtaining a protective order covering, or confidential treatment for, such Confidential Information), (iii) the disclosure or use is required for the purpose of any judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made in connection with the Tax affairs of the Disclosing Party, (iv) the disclosure is made to the Receiving Party's Representatives on a need-to-know basis (with the understanding that the Receiving Party shall be responsible for any breach by its Representatives of this Section 5.6), (v) the Confidential Information is or becomes generally available to the public (other than as a result of a disclosure, directly or indirectly, by the Receiving Party or its Representatives), (vi) the Confidential Information is already in the Receiving Party's possession prior to receipt from the Disclosing Party (provided that such Confidential Information is not known by the Receiving Party to be subject to another confidentiality obligation), (vii) the Confidential Information is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party (provided that such sources are not known by the Receiving Party to be subject to another confidentiality obligation), (viii) in the case of disclosure or use by Purchaser and its Affiliates from and after the Closing, the Confidential Information relates exclusively to the Target Company, or (ix) the disclosure or use of such Confidential Information is made with the Disclosing Party's prior written approval. For the avoidance of doubt, Section 5.6(b) shall not prohibit sharing of Confidential Information between the Parent and its Affiliates and the Parent Shareholders.

Section 5.7 Announcements. Neither Party shall, and they shall cause their respective

Affiliates not to, issue any press release or make any written public announcement relating to the subject matter of this Agreement until the Closing Date without the prior review and written approval of the other Party (which approval shall not be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall not prohibit such disclosure if required by Law, any Government Authority or any recognized stock exchange on which the Equity Interests of either Party or any of their respective Affiliates are listed (in which case the applicable Party will use its commercially reasonable efforts to consult with the other Party before making the disclosure and to allow such other Party to review the text of the disclosure before it is made); provided, further, that the restrictions in this Section 5.7 shall not apply to any disclosure contained in any periodic reports of Parent's Affiliates filed with any securities regulator.

Section 5.8 Insurance.

(a) With respect to the Target Businesses, Parent shall (i) keep, or cause to be kept, all Insurance Policies or suitable replacements therefor (with terms, conditions, retentions and limits of liability that are substantially similar in all material respects to the existing policies or otherwise consistent with the market practice of businesses of a similar size and type), in full force and effect until the close of business on the Closing Date.

(b) Purchaser and its Affiliates (including, after the Closing, the Target Company) will not have access to, and shall not be permitted to make any claims under, any of Parent's or any of its Affiliate's insurance policies and programs with respect to any events or circumstances, including events or circumstances relating to the Target Business that occurred or existed prior to the Closing.

Section 5.9 Interest in Intellectual Property.

(a) Except as specifically provided in this Section 5.9, the Transition Services Agreement or the Technology License Agreement, Purchaser acknowledges and agrees that none of Purchaser or its Affiliates (including, after the Closing, the Target Company) is purchasing, acquiring, receiving a license to or otherwise obtaining any right, title or interest in, to or under any Intellectual Property owned by or licensed to Parent or any of its Affiliates (other than the Target Company), including the Parent Trademarks and any such right, title, or interest relating to any such Intellectual Property, including the Parent Trademarks, existing prior to the Closing shall automatically terminate simultaneously with and effective as of the Closing and shall immediately revert to Parent and its Affiliates, along with any and all goodwill associated therewith. Purchaser acknowledges that, prior to the Closing, Parent will cause the Target Company to assign any rights it may have in, to or under any Parent Trademarks to Parent.

(b) Effective upon the Closing Date, Parent grants to the Target Company, a limited, non-exclusive, non-transferable, non-sublicensable, fully paid-up, royalty-free license to use the Parent Trademarks contained within the books, records and other similar documents and materials that exist as of the Closing, solely in connection with the operation of the Target Business in the United States for ninety (90) days after the Closing Date (such period, the "Parent Trademark Wind-Down Period").

(c) Except as expressly permitted in this Section 5.9, immediately upon Closing, Purchaser shall, and shall cause its Affiliates (which, as of and after the Closing, shall include the Target Company) to, (i) cease and discontinue all uses of the Parent Trademarks, and (ii) use all reasonable efforts to re-label the assets of the Target Company or remove the Parent Trademarks from the Target Company's

assets as promptly as practicable, and in any event prior to the expiration of the Parent Trademark Wind-Down Period. Notwithstanding anything to the contrary in this Section 5.9, Purchaser may at all times after the Closing Date retain in its archives copies of any books and records that contain the Parent Trademarks, solely for purposes of complying with applicable Laws.

(d) After the Closing Date, Purchaser shall not, and shall cause its Affiliates (which, as of and after the Closing, shall include the Target Company) to not, (i) expressly or by implication, do business as or represent themselves as Parent or its Affiliates, (ii) represent any assets owned, managed, operated or leased by the Target Company, as the assets of Parent or any of its Affiliates, (iii) contest the ownership or validity of any rights of Parent or any of its Affiliates in or to any of the Parent Trademarks or (iv) disparage Parent or any of its Affiliates or dilute the goodwill associated with the Parent Trademarks.

(e) Except for Actions arising under, or as otherwise permitted under, this Agreement, the Transition Services Agreement or the Technology License Agreement, Purchaser hereby irrevocably and unconditionally covenants, and shall cause its Affiliates (which, as of and after the Closing, shall include the Target Company) and its and their respective successors and assigns to covenant, not to, after the Closing, assert, initiate, file, or otherwise commence anywhere in the world any Action, or participate in or provide support for any Action, against Parent, its Affiliates or the Parent Shareholders, or their respective successors or assigns or their respective officers, directors, employees, agents, direct or indirect purchasers, users, licensees, service providers or contractors for infringement, misappropriation, or other violation of any Intellectual Property rights in or arising from any Intellectual Property owned by the Target Company as of Closing.

Section 5.10 Cooperation Regarding Transition Arrangements.

(a) Subject to applicable Law, between the date of this Agreement and the earlier of the Closing Date and the termination of this Agreement, each Party shall reasonably cooperate with the other Party to reasonably assist each other in planning and implementing necessary and appropriate policies, procedures and other arrangements in connection with the transition of ownership of the Target Company, including the services to be provided pursuant to the Transition Services Agreement and the Reverse Transition Services Agreement. As necessary in connection therewith, each Party shall designate certain of its respective employees as "Transition Coordinators" to coordinate planning and implementation contemplated by this Section 5.10(a).

(b) The Parties shall, and shall cause their respective Affiliates to, use their respective commercially reasonable efforts to obtain any consents and approvals and make any other notifications that may be required in connection with the provision of services and access to certain facilities as of the Closing Date pursuant to the Transition Services Agreement and the Reverse Transition Services Agreement. The Parties agree that any costs and expenses payable to third parties (other than the respective Representatives of each of the Parties) in connection with the procurement of any such consents or waivers of third parties necessary or advisable for the provision of such services and access to such facilities shall be borne by Purchaser. If the Parties are unable to obtain any such consent or approval prior to the Closing, the Parties shall use commercially reasonable efforts to obtain, as of the Closing Date, a commercially reasonable alternative to the services and access to the facilities to which such consent or approval and the costs and expenses payable to obtain such alternative (but not the costs

and expenses for the ongoing receipt of such alternative services and access to the facilities) shall be borne by Purchaser.

Section 5.11 Employee Matters.

(a) Each Business Employee who is employed by the Target Company upon the Closing Date and remains so employed immediately after the Closing Date shall each become a "Continuing Employee." As of the Closing Date, no Business Employees will perform services for the Target Company from outside the United States. For the one-year period immediately following the Closing Date, or, if earlier, the date of the Continuing Employee's termination of employment with the Target Company, (collectively, the "Continuation Period"), and provided the Continuing Employee's duties or employment status as full-time or part-time do not change, Purchaser shall, or shall cause its Affiliates to, provide each Continuing Employee who remains employed during the Continuation Period with (i) base compensation and annual and long-term incentive compensation opportunities that, in the aggregate, are no less favorable than the base compensation and annual and long-term incentive compensation opportunities as in effect for each such Continuing Employee immediately prior to the Closing, (ii) health and other welfare and retirement benefits that, in the aggregate, are substantially comparable to and no less favorable than those provided by Purchaser and its Affiliates to their respective similarly situated employees (provided that Purchaser shall be deemed to satisfy its obligations pursuant to this clause (ii) to the extent that the Purchaser causes the Target Benefit Plans to remain in effect following the Closing and each Continuing Employee to remain eligible to participate in such Target Benefit Plans to the extent and under the same terms that each such Continuing Employee was eligible to participate in such Target Benefit Plan immediately prior to the Closing), and (iii) in the event Purchaser or one of its Affiliates terminates the employment of any Continuing Employee without "cause" (as defined in Section 5.11(a)(i) of Parent's Disclosure Letter) during the Continuation Period, Purchaser shall provide such Continuing Employee with severance benefits that are on substantially identical terms and no less favorable than the severance benefits provided to each such Business Employee immediately prior to the Closing, provided that any such termination is not for cause, and, further, that payment of any such severance is conditioned upon receipt of a signed release and waiver of claims, in any case taking into account all service with Parent, Purchaser and their respective Affiliates (including the Target Company) in determining the amount of severance benefits payable. Parent will assume or retain responsibility for the accelerated incentive awards payable to Business Employees as a result of the Closing as set forth on Section 5.11(a)(ii) of Parent's Disclosure Letter. Nothing herein shall require Purchaser or its Affiliates to continue the employment of any Continuing Employee following the Closing Date.

(b) As of the Closing Date, Parent shall cause the Target Company to terminate its participation in each Benefit Plan that is not a Target Benefit Plan, and in no event shall any Continuing Employee be entitled to accrue any benefits under such Benefit Plans with respect to services rendered or compensation paid on or after the Closing Date. The Parties agree that the Target Company shall retain all rights and obligations under each Target Benefit Plan on and after the Closing Date, and that, subject to the provisions of Section 5.11(d), all Target Benefit Plans will remain in effect at least through, and shall not be terminated or discontinued prior to January 1, 2017. In the event that the Target Company terminates or discontinues, or Purchaser causes the Target Company to terminate or discontinue, any Target Benefit Plan following January 1, 2017, each Continuing Employee shall be eligible to participate in the comparable benefit or compensation plan, contract, policy or arrangement of Purchaser or its applicable Affiliates (the "Purchaser Benefit Plans") immediately following the date participation in

such terminated or discontinued Target Benefit Plan ceases, to the extent such Continuing Employee otherwise satisfies such eligibility requirements (giving effect to the service crediting provisions of Section 5.11(c)).

(c) For purposes of vesting, benefit accrual, paid time off and eligibility to participate under the Purchaser Benefit Plans and the Target Benefit Plans (for the period of time they remain in effect following the Closing), each Continuing Employee shall be credited with his or her years of service with the Target Company and its predecessors before the Closing, to the same extent as if such service were with Purchaser (for the Purchaser Benefit Plans), except that the foregoing shall not apply to the extent that (i) its application would result in a duplication of benefits with respect to the same period of service or (ii) such service relates to benefit accrual under any Purchaser defined benefit pension plan or other Purchaser benefit plan that is a frozen plan. In addition, and without limiting the generality of the foregoing, Purchaser shall cause or shall cause its applicable Affiliates to cause (i) each Continuing Employee to be immediately eligible to participate, without any waiting time, in any and all Purchaser Benefit Plans to the extent coverage under any such Purchaser Benefit Plan is replacing comparable coverage under a Target Benefit Plan in which such Continuing Employee participated immediately prior to such Continuing Employee's commencement of participation in the applicable Purchaser Benefit Plans, and (ii) for purposes of each Purchaser Benefit Plan providing medical, dental, pharmaceutical and/or vision benefits to any Continuing Employee, any evidence of insurability requirements, all pre-existing condition exclusions and actively-at-work requirements of such Purchaser Benefit Plan to be waived for such Continuing Employee and his or her covered dependents. Purchaser shall cause any eligible expenses incurred by any Continuing Employee and his or her covered dependents during the portion of the plan year of any Target Benefit Plan providing health, medical, dental or vision benefits ending on the date such Continuing Employee's participation in the corresponding Purchaser Benefit Plan begins to be taken into account under such Purchaser Benefit Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Continuing Employee and his or her covered dependents for the applicable plan year.

(d) Effective as of immediately prior to, and contingent upon, the Closing Date, the Target Company shall adopt such resolutions and/or amendments to terminate the Target Company's tax-qualified 401(k) savings plan (the "Target Company 401(k) Plan"). Within five (5) days prior to Closing, the Target Company shall provide Purchaser with a copy of the resolutions and/or plan amendments evidencing that the Target Company 401(k) Plan has been terminated in accordance with its terms. Prior to the Closing Date and thereafter (as applicable), the Target Company and Purchaser shall take any and all action as may be required, including amendments to the Target Company 401(k) Plan and/or the tax-qualified defined contribution retirement plan designated by Purchaser (the "Purchaser 401(k) Plan") to permit each Continuing Employee who is a participant in the Target Company 401(k) Plan as of the Closing Date, to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code, including loans) in cash or notes (in the case of loans) in an amount equal to the eligible rollover distribution portion of the account balance distributable to such Continuing Employee from the Target Company 401(k) Plan to the Purchaser 401(k) Plan. Each Continuing Employee shall be eligible to become a participant in the Purchaser 401(k) Plan as soon as practicable following the Closing Date (giving effect to the service crediting provisions of Section 5.11(c)).

(e) Purchaser and its Affiliates (including the Target Company) shall be responsible for providing coverage under COBRA to any Continuing Employee (and his or her qualified

beneficiaries) who experiences a COBRA "qualifying event" (as defined under Section 4980B of the Code) on or after the Closing Date. Notwithstanding the foregoing, such COBRA coverage shall be provided only to the extent the person pays the "applicable premium" as defined in Code Section 4980(b)(f)(4) for such coverage, or otherwise pays the full cost of such coverage.

(f) Prior to Purchaser or any of its Affiliates making any material written statement or other formal announcement or communication prior to the Closing to current or former Business Employees (or individuals who will become Continuing Employees as of the Closing Date), independent contractors, consultants or directors of the Target Company pertaining to (i) compensation or benefits that are affected by the transactions contemplated by this Agreement, or (ii) compensation or benefits that will be provided by Purchaser or its Affiliates on or after the Closing Date, Purchaser shall provide Parent and the Target Company with a copy of the intended communication. The Party that is provided the copy of the communication shall be given a reasonable period of time to review and comment on the communication and return any comments to Purchaser or its Affiliate. The Parties shall cooperate in providing, or causing to be provided, any such mutually agreeable communication.

(g) Purchaser and Parent acknowledge and agree that all provisions contained in this Section 5.11 are included for the sole benefit of Purchaser and Parent and nothing contained herein shall (i) be construed as an amendment to any employee benefit plan or program, (ii) create any third-party beneficiary or other rights in any other Person, including any Continuing Employee, Business Employee or any other employee or former employee of any of Purchaser, Parent, the Target Company or any of their respective Affiliates, or any dependent or beneficiary thereof, or (iii) otherwise obligate Purchaser or Parent or any of their respective Affiliates to maintain any particular employee benefit plan, compensation arrangement or retain the employment of any particular employee following the Closing Date.

Section 5.12 Termination of Certain Affiliate Arrangements; Certain Releases.

(a) Subject to applicable Law, on or prior to the Closing Date, all Related Party Contracts (other than those set forth in Section 5.12(a) of Parent's Disclosure Letter) shall be terminated as between Parent, its Affiliates (other than the Target Company) and the Parent Shareholders, on the one hand, and the Target Company, on the other hand, and all Intercompany Payables and Intercompany Receivables shall have been settled.

(b) Subject to Section 5.12(a), and without prejudice to the Parties' respective indemnification obligations under Article VIII, at or prior to the Closing, the Target Company shall execute releases acquitting, releasing and discharging Parent, its Affiliates (other than the Target Company) and the Parent Shareholders from any and all Liabilities to the Target Company that exist as of the Closing Date or that arise in the future from events or occurrences taking place prior to or as of the Closing Date, other than Liabilities contemplated by the Transaction Documents. Without prejudice to the Parties' respective indemnification obligations under Article VIII, at or prior to Closing, Parent, its Affiliates (other than the Target Company) and the Parent Shareholders shall execute releases acquitting, releasing and discharging the Target Company from any and all Liabilities to Parent, its Affiliates (other than the Target Company) and the Parent Shareholders (and their Affiliates) that exist as of the Closing Date or that arise in the future from events or occurrences taking place prior to or as of the Closing Date, other than Liabilities contemplated by the Transaction Documents.

Section 5.13 No Solicitation.

(a) Until the second anniversary of the Closing Date or the termination date (in the event that this Agreement is terminated for any reason pursuant to Article IX), Purchaser and its Affiliates shall not, directly or indirectly, hire or solicit any employee of Parent or its Affiliates (including any secondee) regarding the employment of such person or the provision of other services by such person; provided, however, that this Section 5.13(a) shall not (i) apply to any non-executive employees who have left the employment of Parent or its Affiliates and have ceased to be employed by Parent or its Affiliates for at least six (6) months or (ii) prohibit general solicitations for employment through advertisements, professional recruiters or other means.

(b) During the period beginning on the Closing Date and ending on the second anniversary thereof, Parent or its Affiliates shall not, directly or indirectly, hire or solicit any employee of Target Company (excluding any secondee) regarding the employment of such person or the provision of other services by such person; provided, however, that this Section 5.13(b) shall not (i) apply to any non-executive employees who have left the employment of the Target Company and have ceased to be employed by the Target Company for at least six (6) months or (ii) prohibit general solicitations for employment through advertisements, professional recruiters or other means.

Section 5.14 Referral Arrangement; Parent Noncompetition; Parent Nonsolicitation of Customers.

(a) Prior to the March 31, 2017, Purchaser and Parent agree to cooperate and negotiate in good faith to attempt to enter into a referral arrangement, pursuant to which (i) Purchaser and its Affiliates shall refer to Parent, on a non-exclusive basis, all national merchants and integrated merchants (other than customers of Mercury Payment Systems, LLC) that are interested in obtaining Acquiring services in Canada and (ii) Parent and its Affiliates shall refer to Purchaser, on a non-exclusive basis, all national merchants and integrated merchants that are interested in obtaining Acquiring services in the United States.

(b) During the period beginning on the Closing Date and ending on the second anniversary thereof (the "Noncompetition Term"), Parent shall not, and shall cause its Subsidiaries not to, directly or indirectly, own, manage or operate any business engaged in Competing Businesses within the United States; provided, however, that nothing herein shall prohibit or in any way prevent:

(i) Parent or any of its Subsidiaries from acquiring, owning or holding up to five percent (5%) of the capital stock of an entity engaged in the Competing Business;

(ii) the ownership of, an affiliation with, or the conduct of any other prohibited activity with respect to, a person that conducts, either directly or indirectly, a Competing Business (any such person, together with all of its Affiliates, a "Parent Competing Person") that is the result of (1) the merger, consolidation, share exchange, sale or purchase of assets, scheme of arrangement or similar business combination involving Parent or any of its Subsidiaries with any Parent Competing Person or (2) the acquisition of any Parent Competing Person by Parent or any of its Subsidiaries; provided, in the case of either (1) or (2), no more than five percent (5%) of such Parent Competing Person's total consolidated revenues in the calendar year prior to such ownership or affiliation relates to a Competing Business;

(iii) Parent and its Affiliates from undertaking general advertising or marketing campaigns not targeting customers in the United States; or

(iv) Parent or any of its Subsidiaries from engaging in any business outside of the United States.

(c) During the period beginning on the Closing Date and ending on the third anniversary thereof, Parent shall not, and shall cause its Subsidiaries not to, directly or indirectly, divert or take away or attempt to divert or take away from the Target Company, or solicit or attempt to solicit, any Person who is a party to a Target Contract that contributes to the revenue streams reflected in Target Company Financial Information for the purposes of providing Acquiring services to, sponsoring into the Card Networks or providing or making available a BIN or ICA to any such Person in the United States; provided, however, that this Section 5.14(c) shall not (i) apply to any such Person whose relationship with the Target Company has been terminated (without any prior encouragement or solicitation by Parent or its Affiliates) or (ii) prohibit general solicitations through advertisements or other means whether or not targeted at the United States.

Section 5.15 Director Indemnification; Exculpation.

(a) All rights to indemnification for and exculpation from liabilities for acts or omissions occurring at or prior to the Closing now existing in favor of any employees of Parent or any of its Affiliates currently or formerly serving as directors or officers of the Target Company (or any of its predecessor entities) (each, an “Indemnified Director”) as provided in the Constituent Documents of the Target Company, or in any indemnification agreement between such Indemnified Director and such Person (in each case, as in effect on the date of this Agreement), shall survive the Closing and shall continue in full force and effect in accordance with their respective terms for a period of six (6) years from the Closing; provided, however, that all rights to indemnification in respect of any Action asserted or made prior to the Closing or within such six-year period shall continue until the final disposition of such Action.

(b) Purchaser shall ensure that from and after the Closing until the sixth anniversary thereof, the Constituent Documents of the Target Company shall contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of Indemnified Directors than are presently set forth in such Constituent Documents, which provisions shall not be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of any such individuals. From and after the Closing, Purchaser shall, to the same and fullest extent a Delaware corporation is permitted to indemnify its officers and directors by applicable Law, indemnify, defend and hold harmless, and provide advancement of expenses to, each Indemnified Director against all losses, claims, damages, costs, expenses, liabilities or judgments or amounts that are paid in settlement of or in connection with any claim based in whole or in part on or arising in whole or in part out of the fact that such person is or was a director or officer of the Target Company, and pertaining to any matter existing or occurring, or any acts or omissions occurring, at or prior to the Closing Date, whether asserted or claimed prior to, or at or after, the Closing Date (including matters, acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby).

(c) In the event that, after the Closing, the Target Company (or its successors or assigns) (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or a substantial portion of its properties and other assets to any Person, then, and in each such case, Purchaser shall cause the Target Company to cause proper provision to be made so that such successors and assigns shall expressly assume the obligations set forth in this Section 5.15.

(d) Effective as of the Closing, Purchaser shall provide directors' and officers' liability (and fiduciary) insurance policies with similar coverage to that currently maintained by Parent or any Affiliate of Parent in favor of the Target Company for a period of six (6) years from the Closing Date, with respect to acts or omissions occurring prior to the Closing Date that were committed by the covered officers and directors in their capacity as such.

(e) The provisions of this Section 5.15 shall survive the Closing and are intended to be for the benefit of, and will be enforceable by, each Indemnified Director and his or her heirs and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such person may have from the Target Company or any other person by contract or otherwise except as expressly provided in this Agreement. The obligations of Purchaser and Parent under this Section 5.15 shall not be terminated or modified in a manner so as to adversely affect any Indemnified Director or any other person entitled to the benefit of this Section 5.15 without the prior written consent of the affected Indemnified Director.

Section 5.16 Other Transaction Documents. At the Closing, each Party shall, and shall cause its respective Affiliates to, execute each Transaction Document substantially in the form attached hereto (other than this Agreement) to which it is contemplated to be a party.

Section 5.17 Certain Contracts.Parent and Purchaser shall cooperate and use reasonable best efforts to enter into arrangements to provide the Target Company, after Closing, the benefit of the revenue streams reflected in Target Company Financial Information pursuant to any Contracts to which the Target Company is not a party; provided, that neither Parent nor Purchaser nor any of their respective Affiliates shall be required to commence or participate in any Action, offer or grant any material accommodation or undertake any material obligation or Liability (financial or otherwise) to any third party to obtain its consent in connection with such arrangements; provided, further, that in no event shall Purchaser be entitled to receive benefits beyond the terms of any such Contract, and neither Parent nor any Affiliate of Parent shall have any obligation to renew, replace or substitute any such Contract upon the expiration or termination thereof.

(a) Parent and Purchaser shall cooperate in good faith to determine a mutually agreeable and reasonable allocation of the North American Referral Agreements to which both the Parent and the Target Company are party, including the Contracts with the Persons set forth on Section 5.17(b) of Parent's Disclosure Letter (the "Tri-Party Agreements"), based upon the volume of referrals in Canada and the United States, respectively, associated with such Tri-Party Agreements. Section 5.17(b)(i) of Parent's Disclosure Letter indicates the anticipated allocation of the Tri-Party Agreements. Except as set forth in Section 5.17(b)(ii) of Parent's Disclosure Letter, the Tri-Party Agreements intended to be assigned to Target Company hereunder represent all of the revenue reflected in Target Company Financial Information which were derived from the Tri-Party Agreements. Parent and Purchaser shall use their commercially reasonable efforts to assign all of the rights and obligations of Parent or the

Target Company under the applicable Tri-Party Agreements to the other, and the assigning party shall have no further Liability thereunder; provided, that (i) with respect to each Tri-Party Agreement assigned to Parent, Purchaser shall indemnify, defend, and hold harmless the Parent against, and reimburse the Parent for, all Losses that Parent may suffer or incur, or become subject to on or after the date of assignment as a result of or in connection with the Target Company's Liabilities incurred or accrued under such Tri-Party Agreement prior to the date of assignment (ii) with respect to each Tri-Party Agreement assigned to the Target Company, Parent shall indemnify, defend, and hold harmless Purchaser against, and reimburse Purchaser for, all Losses that Purchaser may suffer or incur, or become subject to on or after the date of assignment as a result of or in connection with Parent's Liabilities incurred or accrued under such Tri-Party Agreement prior to the date of assignment.

(b) Parent and Purchaser shall cooperate and use commercially reasonable efforts to maintain the arrangements and benefits (and maintain current practices with regard to Parent's payment of the annual fee) that each of the Parent and the Target Company received prior to the Closing under the merchant services agreement set forth on Section 5.17(c) of Parent's Disclosure Letter; provided, that in no event shall either Parent or the Target Company be entitled to receive benefits beyond the terms of such merchant services agreement, and neither Party shall have any obligation to renew, replace or substitute such merchant services agreement upon the expiration or termination thereof. Each of Parent and Purchaser shall indemnify, defend, and hold harmless the other Party against, and reimburse the other Party for, all Losses that such Party may suffer or incur, or become subject to as a result of or in connection with any actions, omissions or Liabilities taken or not taken, or incurred, by the Parent, or by the Purchaser and the Target Company, as applicable, under such merchant services agreement from and after the Closing.

Section 5.18 Certain Litigation.

(a) Parent and Purchaser acknowledge and agree that, as between the Parties, Parent shall have sole authority and discretion with respect to all matters relating to, or arising out of, the litigation matters set forth in Section 5.18 of Parent's Disclosure Letter (the "Specified Litigation"), for which Purchaser shall be indemnified pursuant to Section 8.2(a)(v). As between the Parent, on the one hand, and Purchaser and the Target Company, on the other hand, Parent shall have sole control over the management and defense of the Specified Litigation, with use of its own counsel or with counsel engaged by the Target Company or the applicable independent sales organization, and may enter into or consent to any settlement, compromise or discharge of, or the entry of any judgement arising from, the Specified Litigation without the consent or approval of Purchaser or the Target Company.

(b) Purchaser shall, and shall cause the Target Company after the Closing to, afford Parent and its Affiliates, reasonable access during normal business hours upon reasonable advance notice to the premises, properties, Contracts, books and records, and other documents and other data of the Target Company and employees of the Target Company and their respective agents and auditors, in each case, to the extent reasonably required by Parent or its Affiliates relating to the Specified Litigation. Purchaser shall, and shall cause the Target Company after the Closing to, make available all employees and other personnel as may be reasonably required by Parent to testify or take any other action reasonably required in connection with the Specified Litigation. Parent may retain all books, records and other materials to the extent relating to the Specified Litigation. Purchaser shall, and shall cause the Target Company after the Closing to, maintain and enforce, as instructed by Parent, any and all rights and

defenses arising under or relating to the Specified Litigation and, upon the request of Parent, assign such rights to Parent.

Section 5.19 Further Assurances. The Parties agree that, from time to time, whether before, on or after the Closing Date, each of them shall execute and deliver such further instruments of conveyance and transfer and take such other action as may be reasonably requested by the other Party to carry out the purposes and intents of this Agreement.

ARTICLE VI
CONDITIONS TO CLOSING

Section 6.1 Conditions to Each Party's Obligations. The obligations of the Parties to effect the Closing are subject to the satisfaction (or written waiver by each Party) on or prior to the Closing of each of the following conditions:

(a) *Government Approvals*. All Required Governmental Approvals shall have been obtained, and any applicable waiting periods relating thereto shall have expired or been terminated early.

(b) *No Prohibition*. There shall be no Law in effect enjoining or otherwise prohibiting the Closing and no pending lawsuits, actions or proceedings to enjoin or otherwise prohibit the Closing shall have been commenced by any Government Authority or other Person.

Section 6.2 Conditions to Obligations of Purchaser. The obligation of Purchaser to effect the Closing is also subject to the satisfaction (or written waiver by Purchaser) on or prior to the Closing of the following conditions:

(a) *Representations and Warranties*. Each of the representations and warranties of Parent contained in Article III shall be true and correct as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date in which case such representations and warranties need only to be so true and correct as of such specific date) except where the failures of such representations and warranties to be true and correct have not had, individually or in the aggregate, a Company Material Adverse Effect (disregarding any limitations as to materiality or Company Material Adverse Effect set forth therein); provided that the Parent Fundamental Representations shall be true and correct in all material respects as of such dates, and the representations and warranties contained in Section 3.5(a) shall be true and correct in all respects as of the Closing Date.

(b) *Covenants*. The covenants and agreements of Parent set forth in this Agreement to be performed at or prior to the Closing shall have been duly performed in all material respects.

(c) *Officer's Certificate*. There shall have been delivered to Purchaser a certificate, dated the Closing Date and signed by a duly authorized officer of Parent, certifying the satisfaction of the conditions in Section 6.2(a) and Section 6.2(b).

(d) *Transaction Documents*. Parent and its Affiliates, as applicable, shall have duly executed and delivered the Transaction Documents (other than this Agreement) to which they are a party.

(e) *Data Compromise Event*. There shall not have occurred a Data Compromise Event.

(f) *Required Consents*. The consents required upon a change in control of the Target Company under the Contracts set forth in Section 6.2(f) of Purchaser's Disclosure Letter shall have been obtained.

(g) *Company Material Adverse Effect.* There shall not have occurred a Company Material Adverse Effect since the date hereof.

Section 6.3 Conditions to Obligations of Parent. The obligation of Parent to effect the Closing is also subject to the satisfaction (or written waiver by Parent) on or prior to the Closing of the following conditions:

(a) *Representations and Warranties*. Each of the representations and warranties of Purchaser contained in Article IV shall be true and correct as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date in which case such representations and warranties need only to be so true and correct as of such specific date) except where the failures of such representations and warranties to be true and correct have not had, individually or in the aggregate, a Purchaser Material Adverse Effect (disregarding any limitations as to materiality or Purchaser Material Adverse Effect set forth therein); provided that the Purchaser Fundamental Representations were true and correct in all material respects as of such dates.

(b) *Covenants*. The covenants and agreements of Purchaser set forth in this Agreement to be performed at or prior to the Closing shall have been duly performed in all material respects.

(c) *Officer's Certificate*. There shall have been delivered to Parent a certificate, dated the Closing Date and signed by a duly authorized officer of Purchaser, certifying the satisfaction of the conditions in Section 6.3(a) and Section 6.3(b).

(d) *Transaction Documents*. Purchaser and its Affiliates, as applicable, shall have duly executed and delivered the Transaction Documents (other than this Agreement) to which they are a party (it being understood that Purchaser shall deliver to BMO Harris Bank N.A. a duly executed counterpart of the BMO Harris BIN Sponsorship Agreement and the BMO Harris Merchant Referral Program Agreement on behalf of the Target Company).

ARTICLE VII
TAX MATTERS

Section 7.1 Parent Returns and Reports. Parent shall file or cause to be filed when due (taking into account all extensions properly obtained) all Tax Returns that are required to be filed on or before the Closing Date, and Parent shall remit or cause to be remitted any Taxes due in respect of such Tax Returns.

Section 7.2 Purchaser Returns and Reports. Purchaser shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to the Target Company that are not

Tax Returns which Parent is required to file or cause to be filed pursuant to Section 7.1, and Purchaser shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. Any such Tax Return for any Pre-Closing Period that is not a Straddle Period shall be prepared consistently with the past practice of the Target Company unless otherwise required by applicable law. Parent shall provide drafts of each such Tax Return to Purchaser for review and comment at least thirty (30) days prior to the Tax Return being filed, and Parent shall reflect all reasonable comments by Purchaser that are consistent with the past practice of the Target Company upon filing the Tax Return. Parent shall reimburse Purchaser and the Target Company for all Taxes shown to be due on a Tax Return for a taxable year ending on or before the Closing Date and the portion of Taxes shown to be due on a Tax Return for a taxable period that begins before the Closing Date and ends after the Closing Date (a "Straddle Period") allocable to the Pre-Closing Period of such Straddle Period within fifteen (15) days after the date Purchaser or the Target Company pays or causes to be paid any such Taxes. For purposes of this Agreement, in the case of any Straddle Period, (x) the amount of ad valorem (real property and personal property) Taxes and other Taxes not described in clause (y) below of the Target Company for the portion of such Straddle Period that ends on the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the portion of such Straddle Period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period, and (y) the amount of any sales or use Taxes, value-added Taxes, employment related Taxes, withholding Taxes and Taxes based on or measured by income, receipts or profits of the Target Company for the portion of a Straddle Period ending on the Closing Date shall be determined based on an interim closing of the books on the Closing Date.

Section 7.3 Amendments. None of Purchaser or any Affiliate of Purchaser shall, or shall cause or permit the Target Company to, amend, re-file or otherwise modify any Tax Return relating in whole or in part to the Target Company with respect to any Pre-Closing Periods without the prior written consent of Parent, which consent shall not be unreasonably withheld.

Section 7.4 Refunds. Any Tax refund or credit in lieu of a refund (including any interest paid or credited by a Taxing Authority with respect thereto) relating to Taxes in respect of the Target Company for any Pre-Closing Period (but only to the extent that such refund or credit in lieu of a refund is not attributable to, and does not result from, a carryback or other use of any item of loss, deduction, credit or other similar item arising in a taxable period after the Closing Date) shall be paid over promptly to Parent, less any fees, costs and expenses incurred in obtaining such refund or credit and any Taxes imposed in respect of such refund or credit. Purchaser shall, if Parent so requests and at Parent's expense, cause the Target Company or other relevant entity to file for and use its reasonable best efforts to obtain and expedite the receipt of any refund to which Parent is entitled under this Section 7.4. Purchaser shall permit Parent to participate in (at Parent's expense) the prosecution of any such refund claims.

Section 7.5 Contest Provisions.

(a) If a claim shall be made by any Government Authority, that, if successful, might result in a payment on behalf of Parent to Purchaser under Section 8.2, Purchaser shall promptly notify Parent with such potential liability in writing (a "Tax Notice") of such claim (a "Tax Claim"). If a Tax Notice is not given to Parent within a sufficient period of time to allow Parent to effectively contest such Tax Claim, or in reasonable detail to apprise Parent of the nature of the Tax Claim, in each case taking into account the facts and circumstances with respect to the Tax Claim, such failure shall not

release Parent from its indemnification obligations under this Agreement except to the extent Parent is materially prejudiced as a result thereof.

(b) With respect to any Tax Claim that relates solely to a Pre-Closing Period, Parent shall have the right, at its own sole expense, to control and conduct all proceedings and negotiations in connection with such Tax Claim (including selection of counsel), and may, in its sole discretion, either pay the Tax claimed and sue for a refund where applicable Law permits such refund suits or contest the Tax Claim in any permissible manner. Purchaser or its designee shall have the right to participate in such proceedings and negotiations (including with counsel of its choice), at its sole expense, and Parent shall not settle such Tax Claim without the prior written consent of Purchaser, such consent not to be unreasonably withheld. Parent shall reasonably cooperate with Purchaser in connection with such participation. If Parent elects, in its sole discretion, not to control and conduct the proceedings and negotiations in connection with a Tax Claim, Parent shall, within thirty (30) days of receipt of a Tax Notice with respect to such Tax Claim (the "Tax Notice Period"), notify Purchaser in writing of its intention not to control and conduct the proceedings and negotiations in connection with such Tax Claim. In such event, and in the case of a Tax Claim that does not relate solely to a Pre-Closing Period, Purchaser may control, or cause its designee to control, and conduct such proceedings and negotiations in such manner as it may deem appropriate, and Parent shall have the right to participate in such proceedings and negotiations (including, without limitation, with counsel of their choice), at its sole expense, and Purchaser shall reasonably cooperate with Parent and its accountants and other representatives in connection with such participation; provided that Purchaser shall not settle any Tax Claim without Parent's consent (such consent not to be unreasonably withheld, conditioned or delayed).

Section 7.6 Transfer and Sales Taxes. Purchaser shall file or cause to be filed all Tax Returns and other documentation with respect to any transfer, documentary, stamp or other related Taxes that are required to be filed and any recording or filing fees, including interest or penalties thereon, in each case arising from the purchase and sale contemplated pursuant to this Agreement, and Purchaser and Parent shall each pay fifty percent (50%) of any such Taxes or Tax Return preparation costs. If required by applicable law, Parent shall, and shall cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

Section 7.7 Cooperation; Access to Records. After the Closing, Parent and Purchaser shall cooperate fully in preparing for and conducting any audits of, or disputes with Tax authorities regarding, any Tax Returns, and shall provide such information as reasonably necessary for such audits, disputes or for the filing of all Tax Returns, subject to the provisions of Section 7.5. After the date of this Agreement, Parent shall provide Purchaser with such cooperation and information as Purchaser may reasonably request in connection with the filing of any Tax Return with respect to the Target Company to be filed after the Closing Date (including, without limitation, that Parent shall provide Purchaser information regarding any extension of time to file a Tax Return of which the Target Company is the beneficiary at the time of the Closing). However, notwithstanding the foregoing, nothing in this Section 7.7 shall require Parent or any of its Affiliates (or their respective Representatives) to disclose to Purchaser or any of its agents or Representatives any consolidated, combined, affiliated or unitary Tax Return which includes Parent or any of its Affiliates or any tax-related work papers, except, in each case, for materials or portions thereof that relate solely to the Target Company. If reasonably requested by Parent, Purchaser shall enter into a customary joint defense agreement with any one or more of Parent, any Affiliate of Parent and the Target Company with respect to any information to be provided to Purchaser pursuant to this Section 7.7. Parent shall be entitled to retain copies of all records,

documents, accounting data and other information relating to Tax matters with respect to the Target Company, to the extent they relate to Pre-Closing Periods.

Section 7.8 No Tax Elections. Purchaser shall not make, and agrees to prevent the Target Company from making, any tax election under Section 338 or 336(e) with respect to its purchase of the Target Company.

ARTICLE VIII
SURVIVAL; INDEMNIFICATION; CERTAIN REMEDIES

Section 8.1 Survival. The representations, warranties, covenants and obligations of the Parties contained in or made pursuant to this Agreement shall survive in full force and effect until the date that is one (1) year after the Closing Date, at which time they shall terminate (and no claims shall be made for indemnification under Section 8.2 or Section 8.3 thereafter), except:

(a) the covenants and obligations that by their terms apply or are to be performed in whole or in part after the Closing shall survive for the period provided in such covenants and obligations, or until fully performed;

(b) the representations, warranties, covenants and obligations set forth in Sections 3.1(b), 3.1(c), 3.2(a)-(c), 3.17, 4.1(b), 4.1(c) and 4.4 shall survive until the expiration of the applicable statute of limitations;

(c) the representations, warranties, covenants and obligations set forth in Section 3.8 shall survive until the ninetieth (90th) day following the expiration of the applicable statute of limitations; and

(d) the representations, warranties, covenants and obligations set forth in Section 3.9 shall survive until the date that is three (3) years after the Closing Date.

Section 8.2 Indemnification by Parent.

(a) After the Closing and subject to this Article VIII, Parent shall indemnify, defend and hold harmless Purchaser and the Target Company against, and reimburse Purchaser and the Target Company for, all Losses that Purchaser or the Target Company may at any time suffer or incur, or become subject to:

(i) as a result of or in connection with the breach of any of the representations and warranties of Parent contained in Article III (but, in the case of the representations and warranties of Parent contained in Section 3.8(a), (b) or (h), only to the extent such Losses relate to Pre-Closing Periods);

(ii) as a result of or in connection with any breach by Parent of any of its covenants or obligations contained in this Agreement;

(iii) relating to, or arising out of, the Target Company's relationships with, or any regulatory proceedings related to, the Specified ISO or the Merchants set forth on Schedule A of the Merchant Assignment Agreement;

(iv) relating to, or arising out of, the Target Company's relationships with, or any regulatory proceedings related to, the merchants listed in Section 3.19(d)(ii) and Section 3.19(d)(iv) of Parent's Disclosure Letter;

(v) relating to, or arising out of, the Specified Litigation;

(vi) for any Pre-Closing Taxes; or

(vii) with respect to a third party claim brought during the term of the Transition Services Agreement, against Purchaser or the Target Company alleging that their use of Parent's Software in accordance with the terms of the Transition Services Agreement or the Technology License Agreement and, with respect to the Technology License Agreement, in the form such Software was delivered by Parent thereunder without modification by Purchaser, the Target Company or their Affiliates, infringes or misappropriates such third party's Intellectual Property.

(b) Notwithstanding anything to the contrary contained herein, but subject to Section 8.2(c), Parent shall not be required to indemnify, defend or hold harmless Purchaser or the Target Company against, or reimburse, or otherwise have any liability under this Agreement to, Purchaser or the Target Company for any Losses pursuant to Section 8.2(a)(i) (other than Losses in connection with any Parent Fundamental Representation or Tax Representation) with respect to any claim (i) unless such claim (or related claims arising out of the same facts, events or circumstances) involves Losses in excess of $10,000 (the "Threshold") and (ii) until the aggregate amount of Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(i) exceeds $3,000,000 (the "Deductible"), after which Parent shall be obligated for all Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(i) that are in excess of the Deductible. Notwithstanding anything to the contrary contained herein, Parent shall not be required to indemnify, defend or hold harmless Purchaser or the Target Company against, or reimburse, or otherwise have any liability under this Agreement to, Purchaser or the Target Company for any Losses (1) pursuant to Section 8.2(a)(i) (other than Losses in connection with any Parent Fundamental Representation or Tax Representation) or Section 8.2(a)(iv) in a cumulative aggregate amount exceeding $25,000,000 (the "Cap"), and (2) pursuant to Section 8.2(a) and Section 8.2(c) in a cumulative aggregate amount exceeding the Purchase Price.

(c) *Indemnification for Terminated Merchants*.

(i) The Parties agree that in the event that (A) there was any breach as of the Closing Date of the Prohibited Merchant Representation (any such Merchant, a "Prohibited Merchant"), and (B) after Purchaser has engaged in good faith in the resolution process set forth in Section 2.3(h) of the BMO Harris BIN Sponsorship Agreement, BMO Harris Bank, N.A. has terminated or requires that the Target Company, directly or indirectly, terminate a Merchant Agreement with a Prohibited Merchant (a "Terminated Merchant"), Purchaser shall use, if applicable, commercially reasonable efforts for the period set forth in Section 2.3(h)(ii) of the BMO Harris BIN Sponsorship

Agreement to transfer such Terminated Merchant to an alternate service provider. For purposes of this Agreement, "Terminated Merchant" shall not include the Person set forth on Schedule 2.17(a)(ii) of the BMO Harris BIN Sponsorship Agreement or any merchants of such Person.

(ii) If Purchaser successfully transfers such Terminated Merchant to an alternate service provider, Parent shall reimburse Purchaser for its reasonable costs incurred in connection with such transfer; provided, that Purchaser shall use all reasonable efforts to mitigate such costs.

(iii) If (a) Purchaser has complied with its obligations under Section 8.2(c)(i) and is unable to transfer such Terminated Merchant to an alternate service provider or (b) Purchaser (or the Target Company) terminates, directly or indirectly, a Prohibited Merchant as a result of, or in anticipation of, a validatable, instituted or imminent regulatory enforcement action solely related to the Target Company's provision of services to such Prohibited Merchant, Parent shall pay Purchaser Liquidated Damages. "Liquidated Damages" means in an amount equal to (x) multiplied by (y), where (x) equals the average monthly Gross Margin attributable to such Terminated Merchant under its Merchant Agreement based on the twelve (12) month period prior to the termination of such Terminated Merchant's Merchant Agreement, and where (y) equals 54 minus the number of full calendar months that have elapsed after the Closing Date. Parent and Purchaser recognize and agree that the Liquidated Damages do not constitute a penalty and are reasonable in proportion to the probable damages likely to be sustained in the event a Merchant Agreement is required to be terminated in view of the uncertainty and difficulty of predicting the amount of any actual damages and the purchase price paid hereunder by Purchaser under the assumption that Merchants were engaged in the activities described in the Prohibited Merchant Representation.

(iv) Notwithstanding the foregoing, Parent shall have no obligation to pay Liquidated Damages until the aggregate amount of Liquidated Damages Purchaser is entitled to under this Section 8.2(c) exceeds $225,000, after which Parent shall be obligated to pay Liquidated Damages under this Section 8.2(c) that are in excess of such amount.

(v) In addition to the Liquidated Damages set forth in this Section 8.2(c) and subject to the limitations set forth in the second sentence of Section 8.2(b), Purchaser may also recover for Losses actually suffered by Purchaser or the Target Company as a result of or in connection with a breach of the Prohibited Merchant Representation for which Purchaser is entitled to be indemnified pursuant to Section 8.2(a)(i); provided, however, that Parent shall not be required to indemnify, defend or hold harmless Purchaser or the Target Company against, or reimburse, or otherwise have any liability under this Agreement to, Purchaser or the Target Company for Losses as a result of or in connection with a breach of the Prohibited Merchant Representation until the aggregate amount of Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification as a result of or in connection with a breach of the Prohibited Merchant Representation for which Purchaser is entitled to indemnification pursuant to Section 8.2(a)(i) exceeds $300,000 (the "Prohibited Merchant Representation Deductible"), after which Parent shall be obligated for all Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(i) that are in excess of the Prohibited Merchant Losses Deductible. The amount of the Prohibited Merchant Representation Deductible shall be included in determining whether the Deductible has been satisfied, but no indemnified Losses resulting from or in connection with a breach

of the Prohibited Merchant Representation shall be included in determining whether the Deductible has been satisfied.

(vi) This Section 8.2(c) shall survive in full force and effect until the third anniversary of the Closing Date, at which time this Section 8.2(c) shall terminate (and no claims shall be made for indemnification under this Section 8.2(c) thereafter). Except as set forth in this Section 8.2(c), Parent shall have no Liability to any Person for any breach of the Prohibited Merchant Representation.

(d) Notwithstanding anything to the contrary in this Agreement, Parent shall not be required to indemnify, defend or hold harmless Purchaser or the Target Company against, or reimburse, or otherwise have any liability under this Agreement to, Purchaser or the Target Company for Losses under Section 8.2(a)(iv) until the aggregate amount of Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification pursuant to Section 8.2(a)(iv) exceeds $300,000 (the "Section 8.2(a)(iv) Deductible"), after which Parent shall be obligated for all Losses for which Purchaser and the Target Company are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(iv) that are in excess of the Section 8.2(a)(iv) Deductible. Section 8.2(a)(iv) shall survive in full force and effect until the first anniversary of the Closing Date, at which time Section 8.2(a)(iv) shall terminate (and no claims shall be made for indemnification under Section 8.2(a)(iv) thereafter). The amount of the Section 8.2(a)(iv) Deductible shall be included in determining whether the Deductible has been satisfied, but no indemnified Losses for which Purchaser or the Target Company are finally determined to be entitled pursuant to Section 8.2(a)(iv) hereof shall be included in determining whether the Deductible has been satisfied.

Section 8.3 Indemnification by Purchaser.

(a) After the Closing and subject to this Article VIII, Purchaser shall indemnify, defend and hold harmless the Parent Indemnified Parties against, and reimburse the Parent Indemnified Parties for, all Losses that the Parent Indemnified Parties may at any time suffer or incur, or become subject to:

(i) as a result of or in connection with the breach of any of the representations and warranties of Purchaser contained in Article IV;

(ii) as a result of or in connection with any breach by Purchaser of any of its covenants or obligations contained in this Agreement; or

(iii) relating to, or arising out of, the Target Company or the operation of the Target Business from and after the Closing (in each case, except for such matters to which Parent is obligated to indemnify Purchaser pursuant to Section 8.2(a)). For the avoidance of doubt, the indemnity in this Section 8.3(a)(iii) will apply to all Liabilities of whatever kind and nature, primary or secondary, direct or indirect, absolute, contingent, known or unknown, whether or not accrued or arising before, on or after the Closing.

(b) Notwithstanding anything to the contrary contained herein, Purchaser shall not be required to indemnify, defend or hold harmless the Parent Indemnified Parties against, or reimburse, or otherwise have any liability under this Agreement to, the Parent Indemnified Parties for any Losses pursuant to Section 8.3(a)(i) (other than Losses in connection with any Purchaser Fundamental

Representation) with respect to any claim (i) unless such claim (or related claims arising out of the same facts, events or circumstances) involves Losses in excess of the Threshold and (ii) until the aggregate amount of Losses for which the Parent Indemnified Parties are finally determined to be otherwise entitled to indemnification under Section 8.3(a)(i) exceeds the Deductible, after which Purchaser shall be obligated for all the Losses for which the Parent Indemnified Parties are finally determined to be otherwise entitled to indemnification under Section 8.3(a)(i) that are in excess of the Deductible. Notwithstanding anything to the contrary contained herein, Purchaser shall not be required to indemnify, defend or hold harmless the Parent Indemnified Parties against, or reimburse, or otherwise have any liability under this Agreement to, the Parent Indemnified Parties for any Losses (1) pursuant to Section 8.3(a)(i) (other than Losses in connection with any Purchaser Fundamental Representation) in a cumulative aggregate amount exceeding the Cap, and (2) pursuant to Section 8.3(a) (other than (i) any obligation in connection with the payment of the Purchase Price or any adjustment thereto, or (ii) pursuant to Section 8.3(a)(iii), each of which such recoveries shall not be capped or restricted) in a cumulative aggregate amount exceeding the Purchase Price.

Section 8.4 Claims Procedure.

(a) *Notification by the Indemnified Person*. If any Person claiming indemnification under this Article VIII (the "Indemnified Person") becomes aware of any fact, matter or circumstance that may give rise to a claim for indemnification under this Article VIII, the Indemnified Person shall (at its own expense) promptly notify the Person from whom indemnification is sought (the "Indemnifying Person") in writing of such claim, including any pending or threatened claim or demand by a third party that the Indemnified Person has determined has given or could reasonably give rise to a right of indemnification under this Agreement (including a pending or threatened claim or demand asserted in writing by a third party against the Indemnified Person) (each, a "Third-Party Claim"), setting out the provisions under this Agreement on which such claim is based, and such other information (to the extent available) as is reasonably necessary to enable the Indemnifying Person to assess the merits of the potential claim, to make such provisions as it may consider necessary (including details of the legal and factual basis of the claim and the evidence on which the party relies (including where the claim is the result of a Third-Party Claim, evidence of the Third-Party Claim)) and setting out its estimate of the amount of Losses to the extent ascertainable which are, or are to be, the subject of the claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Person from any of its obligations under this Article VIII except to the extent that the Indemnifying Person is prejudiced by such failure. The Parties agree that: (i) in this Article VIII they intend to, for certain types of claims, shorten, in the case of the limited survival periods specified in Section 8.1 or Section 8.2(c)(vi), the applicable statute of limitations period with respect to certain claims; (ii) notices for claims in respect of a breach of a representation, warranty, covenant or obligation must be delivered prior to the expiration of the applicable survival period specified in Section 8.1 or Section 8.2(c)(vi) for such representation, warranty, covenant or obligation; and (iii) any claims for indemnification for which notice is not timely delivered in accordance with this Section 8.4(a) shall be expressly barred and are hereby waived; provided, further, that if, prior to such applicable date, a Party shall have notified the other Party in accordance with the requirements of this Section 8.4(a) of a claim for indemnification under this Article VIII (whether or not formal legal action shall have been commenced based upon such claim), such claim shall continue to be subject to indemnification in accordance with this Article VIII notwithstanding the passing of such applicable date.

(b) *Cooperation by the Indemnified Person.* The Indemnified Person shall

reasonably cooperate with and assist the Indemnifying Person in determining the validity of any claim for indemnity by the Indemnified Person and in defending against a Third-Party Claim. In connection with any fact, matter, event or circumstance that may give rise to a claim against any Indemnifying Person under this Agreement, the Indemnified Person shall ensure that the Indemnified Person and its Affiliates, as applicable: (i) shall preserve all material evidence relevant to the claim, (ii) shall allow the Indemnifying Person and its advisers to investigate the fact, matter, event or circumstance alleged to give rise to such claim and whether and to what extent any amount is payable in respect of such claim, and (iii) shall (at its own expense) disclose to the Indemnifying Person and its Representatives all material of which it is aware which relates to the claim and provide, and procure that its Affiliates provide (at its own expense), all such information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Indemnifying Person or its Representatives may reasonably request, subject to the Indemnifying Person and its advisers agreeing in such form as the Indemnified Person may reasonably require to keep all such information confidential and to use it only for the purpose of investigating and defending the claim in question.

(c) *Assumption of Defense of a Third-Party Claim*. Upon receipt of a notice of a claim for indemnity from an Indemnified Person pursuant to Section 8.4(a) in respect of a Third-Party Claim, the Indemnifying Person may, by notice to the Indemnified Person delivered within thirty (30) Business Days of the receipt of notice of such Third-Party Claim, assume the defense and control of any Third-Party Claim, with its own counsel and at its own expense, but shall allow the Indemnified Person a reasonable opportunity to participate in the defense of such Third-Party Claim with its own counsel and at its own expense. The Indemnifying Person shall not, without the prior written consent of the Indemnified Person (which shall not be unreasonably withheld, conditioned or delayed), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third-Party Claim, unless such settlement, compromise, discharge or entry of any judgment does not involve any finding or admission of any violation of Law or admission of any wrongdoing by the Indemnified Person, and the Indemnifying Person shall obtain, as a condition of any settlement, compromise, discharge, entry of judgment (if applicable), or other resolution, a complete and unconditional release of each Indemnified Person from any and all Liabilities in respect of such Third-Party Claim. If the Indemnifying Person does not assume the defense and control of any such Third-Party Claim, the Indemnified Person, subject to Section 8.4(d), may defend the same in such manner as it may deem appropriate.

(d) *Settlement of Claims*. The Indemnified Person shall not settle, compromise or consent to the entry of any judgment with respect to any claim or demand for which it is seeking indemnification from the Indemnifying Person or admit to any liability with respect to such claim or demand without the prior written consent of the Indemnifying Person. Notwithstanding anything to the contrary contained in this Article VIII, no Indemnifying Person shall have any liability under this Article VIII for any Losses arising out of or in connection with any Third-Party Claim that is settled or compromised by an Indemnified Person without the consent of such Indemnifying Person.

(e) *Response to Claims Not Involving Third-Party Claims*. In the event any Indemnifying Person receives a notice of a claim for indemnity from an Indemnified Person pursuant to Section 8.4(a) that does not involve a Third-Party Claim, the Indemnifying Person shall notify the Indemnified Person within thirty (30) Business Days following its receipt of such notice whether the Indemnifying Person disputes its liability to the Indemnified Person under this Article VIII.

Section 8.5 Payment. In the event a claim for indemnification under this Article VIII has

been finally determined, the amount of such final determination shall be paid by the Indemnifying Person to the Indemnified Person within five (5) Business Days of the request therefor in immediately available funds. Any Action by or before any Government Authority or arbitral body, and the liability for and amount of damages therefor, shall be deemed to be "finally determined" for purposes of this Article VIII when the parties hereto have so determined by mutual agreement or, if disputed, when a final non-appealable Government Order has been entered into with respect to such Action.

Section 8.6 Treatment of Indemnification Payments. To the fullest extent permitted under applicable Law, for all purposes (including Tax purposes), the Parties shall treat any payment made under Section 8.2 or Section 8.3 as an adjustment to the Purchase Price.

Section 8.7 Provisions. No Indemnifying Person shall be liable under this Article VIII in respect of any Loss to the extent the fact, matter, event or circumstance giving rise to the claim or on which it is based to the extent such Loss is allowed, provided, accrued or reserved for in the Target Company Financial Information or is provided for or otherwise taken into account in determining any adjustment to the Purchase Price provided herein.

Section 8.8 Exclusive Remedies. Each Party agrees that following the Closing, (i) the indemnification provisions of this Article VIII shall be the sole and exclusive remedies of the Parties for any breach of the representations or warranties contained in this Agreement, (ii) the indemnification provisions of this Article VIII, the rights set forth under Section 2.3 and the remedies set forth under Section 10.6(e) shall be the sole and exclusive remedies of the Parties for any breach or non-fulfillment of any covenant and (iii) notwithstanding anything to the contrary contained herein no breach of any representation, warranty, covenant or obligation contained herein shall give rise to any right on the part of either Party to rescind this Agreement or any of the transactions contemplated hereby.

Section 8.9 Losses. The Parties agree that with respect to each indemnification obligation set forth in this Article VIII, any Transaction Document or any other document executed or delivered in connection with the Closing, in no event shall an Indemnifying Person have any liability to an Indemnified Person for any consequential, indirect, incidental, exemplary, punitive or special damages, internal costs, diminution in value, losses based on any valuation multiple or lost profits (the "Limited Damages"). Notwithstanding the foregoing, if any Indemnified Person is held liable to a third party (including any Government Authority) for any of such Limited Damages and the Indemnifying Person is otherwise obligated to indemnify the Indemnified Person for the matter that gave rise to such Limited Damages pursuant to this Agreement, then the Indemnifying Person shall be liable for and obligated to reimburse the Indemnified Person for such Limited Damages, subject to the other limitations in this Article VIII. In connection with any claim for indemnity under this Article VIII, for purposes of calculating the amount of Losses from a breach of a representation or warranty hereunder (other than Section 3.5(a)), each such representation or warranty shall be considered without regard to any limitation or qualification as to materiality, material adverse effect or similar qualifier set forth in such representation or warranty. No Indemnifying Person shall be liable under this Article VIII in respect of any Loss which is contingent unless and until such contingent Loss becomes an actual liability and is due and payable.

Section 8.10 Net Financial Benefit. The amount of any indemnification payment made by an Indemnifying Person pursuant to this Article VIII shall be reduced by the amount of any actual net reduction in cash payments for federal, Illinois and Ohio income Taxes realized by the Indemnified

Person, as a result of the Losses giving rise to such indemnification payment in the taxable year in which such Losses arise or in the succeeding three taxable years. If the indemnification payment is paid prior to the Indemnified Person realizing any actual reduction in cash payments for Taxes in connection with the Losses giving rise to such payment, and the Indemnified Person subsequently realizes such actual reduction in cash payments for federal, Illinois and Ohio income Taxes in the year in which such Taxes arise or in the succeeding three taxable years, then the Indemnified Person shall pay the amount of such actual reduction in cash payments for Taxes to the Indemnifying Person in cash within ten (10) days of the Indemnified Person's realization of such actual reduction in cash payments for federal, Illinois and Ohio income Taxes (but not in excess of the indemnification payment received from the Indemnifying Person with respect to such Losses). For purposes of the preceding two sentences, the Indemnified Person shall be deemed to have realized an actual reduction in cash payments for federal, Illinois and Ohio income Taxes in a taxable year if, and to the extent that, the Indemnified Person's cumulative liability for federal, Illinois and Ohio income Taxes from the Closing Date through the end of such taxable year, calculated by excluding any Tax items attributable to the Losses from all taxable years and the receipt of any related indemnification payment, exceeds the Indemnified Person's actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the Losses for all taxable years and the receipt of any related indemnification payment (to the extent permitted by relevant Tax law and treating such Tax items as the last items claimed for any taxable year).

Section 8.11 Right to Recover.

(a) If any Indemnifying Person is liable to pay an amount in discharge of any claim under this Agreement and any Indemnified Person recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates the Indemnified Person (in whole or in part) in respect of the Loss which is the subject matter of the claim, Parent or Purchaser, as applicable, shall procure that, before steps are taken to enforce a claim against any Indemnifying Person under this Agreement, all reasonable steps are taken to enforce recovery against the third party and any actual recovery (less any reasonable costs and expenses incurred in obtaining such recovery) shall reduce or satisfy, as the case may be, such claim to the extent of such recovery. Notwithstanding the foregoing, neither Party shall be required to act or forbear to act under this Section 8.11 if such act or forbearance, as applicable, could prejudice such Person's ability to prosecute a claim against an Indemnifying Person or any right hereunder in the reasonable judgment of Parent or Purchaser, as applicable.

(b) If any Indemnifying Person has paid an amount in discharge of any claim under this Agreement and any Indemnified Person recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates any Indemnified Person (in whole or in part) in respect of the Loss which is the subject matter of the claim, Parent or Purchaser, as applicable, shall procure that all steps are taken as may reasonably be required to enforce such recovery and shall, or shall procure that the relevant Indemnified Person shall, pay to Parent or Purchaser, as applicable, as soon as practicable after receipt an amount equal to (i) any sum recovered from the third party less any reasonable costs and expenses incurred in obtaining such recovery or (ii) if less, the amount previously paid by the relevant Indemnifying Person to the relevant Indemnified Person.

Section 8.12 Double Claims. No Indemnified Person shall be entitled to recover from any

Indemnifying Person under this Article VIII or under any Transaction Document more than once in respect of the same Loss (notwithstanding that such Loss may result from breaches of multiple provisions of this Agreement).

Section 8.13 Mitigation of Losses. The Indemnified Persons shall procure that all commercially reasonable steps are taken and all commercially reasonable assistance is given to avoid or mitigate any Losses, which in the absence of mitigation might give rise to or increase a Loss in respect of any claim under this Article VIII. In the event an Indemnified Person fails to so mitigate such an indemnifiable Loss, the Indemnifying Person shall have no liability for any portion of such Loss that could reasonably have been avoided had the Indemnified Person made such efforts.

Section 8.14 Recovery. Neither Purchaser nor the Target Company shall be entitled to recover Losses to the extent such Losses are due to any change, after the date hereof but on or prior to the Closing, in applicable accounting principles or any adoption, proposal, implementation or change in Law (including any Law in respect of Taxes) or any interpretation thereof by any Government Authority.

ARTICLE IX
TERMINATION

Section 9.1 Termination. This Agreement may be terminated prior to the Closing:

(a) *Consent*. By the mutual written consent of Parent and Purchaser;

(b) *Delay*. By either Parent or Purchaser if no Closing has occurred on or before the Outside Date (as it may be extended from time to time); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party whose failure to take any action required to fulfill any of such Party's obligations under this Agreement has caused or resulted in the failure of the Closing to occur prior to the Outside Date;

(c) *Breach*. By either Parent or Purchaser, upon written notice to the other, in the event of a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Purchaser (in the case of Parent) or Parent (in the case of Purchaser), which breach would, individually or in the aggregate, result in, if occurring or continuing on the Closing Date, the failure of any condition to the terminating Party's obligations set forth in Article VI to be satisfied, and which cannot be or has not been cured within sixty (60) days after the giving of written notice to the breaching Party of such breach (or by the Outside Date, if earlier); provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to any Party if the would-be terminating Party is then in material breach of any of its representations, warranties, agreements and covenants hereunder;

(d) *Data Compromise Event*. By Purchaser, in the event there is a Data Compromise Event; and

(e) *Government Order*. By either Parent or Purchaser, if any Government Order enjoining any party hereto from consummating the transactions contemplated hereby is entered by a Government Authority having competent jurisdiction over the Target Business, Purchaser or Parent and such Government Order is final and nonappealable or if an applicable Law shall have been promulgated

or enacted that prohibits or otherwise makes illegal the performance of this Agreement or the transactions contemplated hereby.

Section 9.2 Notice of Termination. If Parent or Purchaser desires to terminate this Agreement pursuant to Section 9.1, it shall give written notice of such termination to (in the case of termination by Parent) Purchaser and to (in the case of termination by Purchaser) Parent.

Section 9.3 Effect of Termination. Upon a termination of this Agreement in accordance with Section 9.1, each Party's further rights and obligations hereunder, other than the Surviving Provisions, shall terminate, but termination shall not affect any rights or obligations of a Party which may have accrued prior to such termination and shall not relieve any Party from liability for fraud or any Willful Breach prior to such termination.

Section 9.4 Additional Rights and Remedies. The Parties acknowledge and agree that nothing in this Article IX shall prejudice or limit any rights or remedies which may otherwise be available to Parent under this Agreement or pursuant to applicable Law, including the right to claim damages or seek specific performance.

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices.

(a) Any notice, request, claim, demand or other communication in connection with this Agreement (each, a "Notice") shall be:

(i) in writing in English; and

(ii) delivered by hand, fax, registered mail or by courier using an internationally recognized courier company, or transmitted by email.

(b) A Notice to any Party shall be sent to such party at the following address, or such other Person or address as such Party may designate by delivery of notice in writing to the other Party.

If to Parent, to:

Moneris Solutions Corporation
3300 Bloor Street West
Toronto, ON M8X 2X2
Canada
Attention: Chief Legal Officer & Corporate Secretary
Email: Faeron.Trehearne@moneris.com

With a copy to (which shall not constitute a Notice):

Sullivan & Cromwell LLP
125 Broad Street

New York, New York 10004
Attention: Donald J. Toumey and C. Andrew Gerlach
Email: toumeyd@sullcrom.com and gerlacha@sullcrom.com

If to Purchaser, to:

c/o Vantiv, LLC
8500 Governor's Hill Drive
Maildrop 1GH1Y1
Cincinnati, OH 45249-1384
Attention: General Counsel/Legal Department
Email: Ned.Greene@Vantiv.com; and Jared.Warner@Vantiv.com

With a copy to (which shall not constitute a Notice):

Benesch, Friedlander, Coplan & Aronoff LLP
200 Public Square
Suite 2300
Cleveland, OH 44114
Attention: Sean T. Peppard
Email: speppard@beneschlaw.com

(c) A Notice shall be effective upon receipt and shall be deemed to have been received:

(i) at the time of delivery, if delivered by hand, registered post or courier; or

(ii) upon confirmation by telephone or electronic correspondence of receipt thereof, if sent by fax or email, excluding, however, any answer or confirmation automatically generated by electronic means (such as out-of-office replies).

Section 10.2 Assignment. Except as otherwise expressly provided in this Agreement, no Party may, without the prior written consent of the other Party, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement; provided that (a) Parent may, following notice in writing to Purchaser no later than three (3) Business Days prior to the effective date of the assignment, assign any or all of its rights, benefits and obligations under this Agreement to one or more of its Affiliates (other than the Target Company) or the Parent Shareholders; provided, further, that any such assignment shall not relieve Parent of its obligations hereunder; and (b) Purchaser may, following notice in writing to Parent no later than three (3) Business Days prior to the effective date of the assignment, assign, pledge or otherwise transfer any or all of its rights, benefits and obligations under this Agreement to one or more of its direct or indirect, wholly-owned Subsidiaries or one of its Affiliates; provided that any such assignment shall not (i) result in any delay in the consummation of the transactions contemplated hereby or (ii) relieve Purchaser of its obligations hereunder. Any attempted assignment in violation of this Section 10.2 shall be null and void. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by, the Parties and their successors and permitted assigns.

Section 10.3 No Third-Party Beneficiaries. Except as provided in Section 5.14 or Article

VIII or otherwise expressly provided herein, this Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any Person, other than the Parties and such assigns, any legal or equitable rights hereunder.

Section 10.4 Whole Agreement; Conflict with Other Transaction Documents.

(a) This Agreement, the other Transaction Documents, the Confidentiality Agreement and any supplemental agreement entered into by the Parties concurrently herewith contain the whole agreement between the Parties relating to the subject matter of this Agreement to the exclusion of any terms implied by Law which may be excluded by contract and supersede any previous written or oral agreement between the Parties in relation to the matters dealt with herein and therein.

(b) Purchaser acknowledges and agrees that, except for the representations and warranties contained in Article III (as qualified by the applicable items disclosed in Parent's Disclosure Letter), neither Parent nor any of its Affiliates is making any representation or warranty regarding any documents, projections, forecasts, statement or other information made, communicated or furnished (orally, in writing, in the Virtual Data Room, in management presentations (including any questions posed and answers given and any related discussions, whether formal or informal) or otherwise) to Purchaser, any of its Affiliates, or any of their respective Representatives (including any opinion, information, projection or advice that may have been or may be provided to such Person by any Representatives of Parent or any of its Affiliates). No Person makes any representations or warranties by or on behalf of Parent to Purchaser regarding the probable success or profitability of the Target Company. Purchaser acknowledges that it has not been induced to enter this Agreement by any representation, warranty, assurance, commitment, statement or undertaking not expressly incorporated into it and agrees that it will not contend to the contrary.

(c) So far as is permitted by Law and except in the case of fraud, Purchaser agrees and acknowledges that its only right and remedy in relation to any provision of this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute), including any right to rescind this Agreement.

(d) If there is any inconsistency between the terms of this Agreement and any other Transaction Document, this Agreement shall prevail (as between the Parties and as between any of Parent's Affiliates and any of Purchaser's Affiliates) to the extent of the inconsistency, unless otherwise expressly agreed.

Section 10.5 Costs. Except as otherwise provided herein, each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby.

Section 10.6 Governing Law; Consent to Jurisdiction; Specific Performance.

(a) **THIS AGREEMENT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW OR**

CHOICE OF LAW THAT WOULD HAVE THE EFFECT OF GIVING EFFECT TO THE LAWS OF ANOTHER JURISDICTION).

(b) Each Party hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction and venue of the United States District Court for the Southern District of New York and in the courts hearing appeals therefrom unless no basis for federal jurisdiction exists, in which event each Party irrevocably consents to the exclusive jurisdiction and venue of the Supreme Court of the State of New York, New York County, and the courts hearing appeals therefrom, for any Action arising out of or relating to this Agreement and the transactions contemplated hereby. Each Party hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such Action, any claim that it is not personally subject to the jurisdiction of the aforesaid courts for any reason, other than the failure to serve process in accordance with this Section 10.6, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the Action in any such court is brought in an inconvenient forum, that the venue of such Action is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the party is entitled pursuant to the final judgment of any court having jurisdiction. **EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

(c) Each Party further irrevocably consents to the service of process out of any of the aforementioned courts in any such Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address specified pursuant to Section 10.1, such service of process to be effective upon acknowledgment of receipt of such registered mail.

(d) Each Party expressly acknowledges that the foregoing waivers are intended to be irrevocable under the laws of the State of New York and of the United States of America; provided that consent by Purchaser to jurisdiction and service contained in this Section 10.6 is solely for the purpose referred to in this Section 10.6 and shall not be deemed to be a general submission to said courts or in the State of New York other than for such purpose.

(e) Each Party acknowledges that, other than as provided in Section 8.8, it would be impossible to determine the amount of damages that would result from any breach of any of the provisions of this Agreement and that, in view of the uniqueness of the subject matter of this Agreement, the remedy at law for any breach, or threatened breach, of any of such provisions would be inadequate and, accordingly, agrees that, other than as provided in Section 8.8, the other Party, in addition to any other rights or remedies which it may have, shall be entitled to specific performance of this Agreement and any of the terms of this Agreement (including the obligations of Purchaser under Section 5.6) and such other equitable and injunctive relief available to the Parties from any arbitral tribunal of competent jurisdiction to compel specific performance of, or restrain any party from violating, any of such provisions. In connection with any action or proceeding for equitable and injunctive relief permitted hereunder, other than as provided in Section 8.8, each Party hereby waives any claim or defense that a

remedy at law alone is adequate and, to the maximum extent permitted by Law, agrees to have each provision of this Agreement (including the obligations of Purchaser under Section 5.6) specifically enforced against it, without the necessity of posting bond or other security against it, and consents to the entry of equitable and injunctive relief against it enjoining or restraining any breach or threatened breach of any provision of this Agreement.

Section 10.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to constitute an original and all of which shall together constitute one and the same instrument. This Agreement shall become binding when any number of counterparts, individually or taken together, shall bear the signatures of both Parties. This Agreement may be executed and delivered by facsimile or any other electronic means, including ".pdf" or ".tiff" files, and any facsimile or electronic signature shall constitute an original for all purposes.

Section 10.8 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 10.9 Amendments; Waiver. Any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by and on behalf of each of Parent and Purchaser. Any provision of this Agreement may be waived if such waiver is in writing and signed by and on behalf of the Party against whom such waiver is to be enforced. No waiver of any breach of this Agreement will be implied from any forbearance or failure of a Party to take action thereon.

Section 10.10 Payments. Except to the extent otherwise expressly provided in this Agreement, all payments to be made under this Agreement shall be made in full, without any set-off or deduction for or on account of any counterclaim.

Section 10.11 Guarantee. Vantiv hereby guarantees, as a primary obligor and not merely as a surety, to Parent the due, punctual and complete discharge of all payment and performance obligations of Purchaser under this Agreement. If Purchaser fails to discharge any of its payment or performance obligations when due, then such obligation shall become immediately due and payable and Parent may at any time and from time to time, and so long as Purchaser has failed to pay or perform such obligation in full, take any and all actions available hereunder to collect such obligation from Vantiv. Parent shall not be required to make any demand upon, or to pursue or exhaust any right or remedy against, Purchaser prior to exercising its rights under this Section 10.11, and no delay or omission on the part of Parent in exercising its rights hereunder shall operate as a waiver or relinquishment of such rights or remedies. Vantiv's obligations under this Section 10.11 are independent of the obligations of Purchaser, and a separate action or actions may be brought against Vantiv whether or not action is brought against Purchaser and whether or not Purchaser is joined in any such action or actions, provided, that such separate action or actions are brought against Vantiv solely in accordance with the terms of this Agreement. Parent shall not be required to exhaust its recourse against Purchaser or any collateral

securing any obligation before requiring or being entitled to payment from Vantiv under this Section 10.11. To the fullest extent permitted by applicable Law, Vantiv hereby waives any and all defenses available to it as a guarantor or surety (other than the defense that the obligation has been satisfied). The liability of Vantiv under this Section 10.11 shall be absolute, unconditional and continuing, irrespective of: (a) any lack of validity, legality, or enforceability of any provision of this Agreement, or avoidance or subordination of any of the obligations under this Agreement; (b) any change in the time, manner or place of payment of, or in any other term of, or any increase in the amount of, all or any of the obligations under this Agreement; (c) the absence of any attempt to collect any of the obligations under this Agreement from Purchaser or from any other guarantor or the election of any remedy by Parent; (d) any waiver, release, adjustment, renewal, consent, extension, forbearance or granting of any indulgence by Parent with respect to any provision of this Agreement or any obligations under this Agreement; (e) the election by Parent in any insolvency or bankruptcy proceeding; or (f) the disallowance, under any insolvency or bankruptcy proceeding of all or any portion of the claim.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

MONERIS SOLUTIONS CORPORATION

By: ______________________________________
Name:
Title:

NATIONAL PROCESSING COMPANY

By: ______________________________________
Name:
Title:

VANTIV, LLC

By: ______________________________________
Name:
Title:

SCHEDULE A

DEFINITIONS AND TERMS

"Accounting Expert" has the meaning set forth in Section 2.3(c).

"Acquiring" means the capture and onward transmission of Card Network transactions in order to effect payment between Card Network cardholders and Merchants, including authorizing transactions, providing for clearing and settlement, facilitating the crediting of merchants' accounts with the proceeds of such transactions, and chargeback and retrieval processing in connection with the foregoing. Acquiring also includes providing all or some of the foregoing services as an agent or licensee for other card programs.

"Acquiring Member" means a licensee or member of Visa or MasterCard (each, an "Association") that is authorized by such Association to enter transactions into or receive transactions from the Association's settlement and authorization systems.

"Action" means any civil, criminal or administrative action, suit, demand, claim, case, litigation, arbitration, opposition, objection, cancellation, inquiry, hearing, dispute, investigation or other proceeding.

"Adjusted Settlement Liability" means an amount equal to the sum of the Target Company's (i) Accounts receivable – Settlement account plus (ii) the aggregate of the journal entries labeled as "Direct profits" in the Accounts receivable – Trade account, including Suspense Accounts, minus (iii) the Target Company's Accounts Payable – Settlement and the Target Company's Accrued Liabilities – Settlement, including Suspense Accounts, as determined in accordance with Exhibit 3 and reflected on the Estimated Closing Statement or Final Closing Statement, as applicable.

"Adjustment Amount" means an amount equal to the absolute value of (i) the Closing Payment minus (ii) the Purchase Price as set forth in the Final Closing Statement.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such specified Person; for the avoidance of doubt, neither of the Parent Shareholders nor any of their respective Affiliates shall be deemed to be an Affiliate of the Parent or the Target Company.

"Agreement" has the meaning set forth in the Preamble.

"AML Program" has the meaning set forth in Section 3.20.

"Archived Files" has the meaning set forth in Section 5.5(b).

"Benefit Plan" has the meaning set forth in Section 3.9(a).

"BIN" means a unique bank identification number assigned and licensed by Visa to an Acquiring Member for such Acquiring Member's use in entering transactions into or receiving transactions from such Association's settlement and authorization systems.

"BMO Harris BIN Sponsorship Agreement" means a BMO Harris BIN Agreement substantially in the form attached as Exhibit 4, together with such changes and other terms as the Parties may mutually agree.

"BMO Harris Merchant Referral Program Agreement" means a BMO Harris Merchant Referral Program Agreement substantially in the form attached as Exhibit 5, together with such changes and other terms as the Parties may mutually agree.

"Business Day" means any day other than a Saturday, Sunday or a day on which banks located in New York, New York or Ontario, Canada are authorized or required by Law to be closed.

"Business Employee" means any employee of the Target Company.

"Cap" has the meaning set forth in Section 8.2(b).

"Card" means a credit card, debit card, stored value card or similar card.

"Card Networks" means MasterCard International, Inc., VISA U.S.A., Inc., VISA International, Inc. and any other credit, debit or payment card network in which the Target Company is registered at any time by a member or participant where the use of cards bearing the brand or service mark of such associations or networks gives rise to transactions processed as a part of the Target Business.

"Chargeback" means a disputed charge by a holder of a Card or rejected charge form or other evidence of a purchase by a holder of a Card of goods and/or services from a Merchant by use of a Card that is returned unpaid by the issuing financial institution, in accordance with the Rules.

"Closing" has the meaning set forth in Section 2.4.

"Closing Date" means the date on which the Closing occurs.

"Closing Payment" means an amount equal to (i) $425,000,000 plus (ii) the Estimated Net Working Capital Adjustment minus (iii) the Indebtedness of the Target Company, if any, outstanding as of the Closing minus (iv) unpaid Company Transaction Expenses, if any, as of the Closing plus (v) the Contingent Purchase Price Amount, if any, payable at the Closing in accordance with Exhibit 8, all as set forth in the Estimated Closing Statement.

"COBRA" has the meaning set forth in Section 5.11(d).

"Code" means the Internal Revenue Code of 1986.

"Company Leases" has the meaning set forth in Section 3.12(b).

"Company Material Adverse Effect" means any change, effect, event or occurrence that, (i) has a material and adverse effect on the business, assets, financial condition or the results of operations of the Target Company, taken as a whole, or (ii) prevents or materially impairs the ability of Parent or any of its Affiliates to perform their respective material obligations under the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner; provided that, in the case of clause (i) only, none of the following (or the results thereof), either alone or in combination with any other changes, effects, events or occurrences, shall constitute or contribute to a Company Material

Adverse Effect: (a) any change in applicable accounting principles or any adoption, proposal, implementation or change in Law (including any Law in respect of Taxes), or any interpretation thereof by any Government Authority, or change in GAAP or authoritative interpretations thereof; (b) any change in global, national or regional political conditions (including protests, strikes, riots, acts of terrorism or war); (c) any change in general global, North American, national or regional economic, business, regulatory, political or market conditions or in national, North American global financial or capital markets; (d) any change generally affecting the industries or market sectors in the geographic regions in which the Target Company operates; (e) any change resulting from or arising out of hurricanes, earthquakes, floods or other natural disasters; (f) the negotiation, execution, announcement or performance of the Transaction Documents or consummation of the transactions contemplated thereby or any litigation relating to the Transaction Documents or the transactions contemplated thereby; (g) the failure of the Target Company to meet any projections, forecasts or estimates of performance, revenues or earnings; (h) any actions (or the effects of any action) taken (or omitted to be taken) upon the written request or instruction of, or with the written consent of, Purchaser, consistent with the terms hereof, to consummate the transactions contemplated hereby; or (i) any action (or the effects of any action) taken (or omitted to be taken) by Parent or the Target Company as required pursuant to this Agreement, except, in the cases of clauses (a) or (c), to the extent that such events, changes, effects or circumstances disproportionately adversely affect the Target Business relative to other businesses in the industry in which the Target Business operates.

"Company Transaction Expenses" means any third party costs and expenses incurred by the Target Company in connection with the preparation, negotiation and execution of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby.

"Competing Business" means (i) providing Acquiring services for any person, (ii) sponsoring any Person into the Card Networks or (iii) providing or making available a BIN or ICA to any Person for use in providing Acquiring services.

"Confidential Information" means, with respect to either Party or any of its respective Affiliates (or, with respect to Parent, the Parent Shareholders), any information disclosed to such Party by the other Party or any of the other Party's respective Representatives (or, with respect to Parent, the Parent Shareholders) that relates to (i) the provisions of this Agreement or any agreement entered into pursuant to this Agreement, (ii) the negotiations relating to this Agreement (or any such other agreement), (iii) any information relating to the business, financial or other affairs (including future plans, financial targets, trade secrets and know-how) of such other Party or such other Party's Affiliates (or, with respect to Parent, the Parent Shareholders), or (iv) any information of the other Party or such other Party's Representatives (or, with respect to Parent, the Parent Shareholders) provided in a manner which reasonably indicates the confidential or proprietary nature of such information. With respect to Purchaser and its Affiliates, Confidential Information includes all Evaluation Material (as such term is defined in the Confidentiality Agreement).

"Confidentiality Agreement" means the letter agreement, dated as of May 25, 2016, between Parent, the Target Company and Vantiv.

"Constituent Documents" means, with respect to any corporation, its charter and by-laws; with respect to any partnership, its certificate of partnership and partnership agreement; with respect to any limited liability company, its certificate of formation and limited liability company or operating

agreement; with respect to each other Person, its comparable constitutional instruments or documents (and, in each case, such similar instruments or documents as applicable under a relevant jurisdiction).

"Contingent Purchase Price Amount" means the amount payable in accordance with the terms attached hereto as Exhibit 8.

"Continuation Period" has the meaning set forth in Section 5.11(a).

"Continuing Employee" has the meaning set forth in Section 5.11(a).

"Contract" means any written contract, agreement, undertaking, indenture, lease or other written instrument of any kind.

"Control" means, with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. The terms "Controlling" and "Controlled" have meanings correlative to the foregoing.

"Controlled Group Member" has the meaning set forth in Section 3.9(a).

"Current BIN Sponsorship Agreement" means, collectively, (i) the Settlement Assistance Agreement, dated December 1, 2000, entered into by and between Harris Trust and Savings Bank and the Target Company, (ii) the Designation Agreement, dated December 1, 2000, entered into by and between Harris Trust and Savings Bank and the Target Company, (iii) the Trademark License Agreement, dated December 1, 2000, entered into by and between Harris Trust and Savings Bank and the Target Company and (iv) the Services Agreement, dated December 1, 2000, entered into by and between Harris Trust and Savings Bank and the Target Company.

"Current Merchant Referral Program Agreement" means the Amended and Restated Merchant Referral Program Agreement, dated December 1, 2013, as amended by Amendment No. 1 to the Amended and Restated Merchant Referral Program Agreement, dated February 23, 2016, entered into by and between BMO Harris Bank, N.A. and the Target Company.

"Data Compromise" means any unauthorized access, unauthorized acquisition, unauthorized disclosure or theft of any Sensitive Data (as defined below) from (1) the Target Company or (2) any third party vendor of the Target Company (solely to the extent that Sensitive Data of the Target Company's customers (or such customer's customers) is affected) ("Covered Third Parties") that occurs while such Sensitive Data is in possession or control of the Target Company or Covered Third Parties (including, without limitation, data residing on or passing through any electronic device, network component, hardware or software of the Target Company or Covered Third Parties).

"Data Compromise Event" means any one or more Data Compromises that occur or become known to Purchaser, Parent or the Target Company after the date hereof: (i) of unencrypted Sensitive Data (or encrypted Sensitive Data where the unauthorized Person has the ability to unencrypt such Sensitive Data) of, individually or in the aggregate, more than 8,000,000 Cards or (ii) which would have, or would reasonably be expected to have, a Company Material Adverse Effect.

"Deductible" has the meaning set forth in Section 8.2(b).

"Disclosing Party" has the meaning set forth in Section 5.6(b).

"Disclosure Letter" means, with respect to either Party, a letter delivered by such Party to the other Party contemporaneously with the execution and delivery of this Agreement setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations, warranties or covenants of such Party contained in this Agreement; provided that the mere inclusion of an item in a Disclosure Letter as an exception to a representation, warranty or covenant shall not be deemed an admission by the disclosing Party that such item (or any non-disclosed item or information of comparable or greater significance) represents a material exception or fact, event or circumstance or that such item has had or is reasonably likely or expected to result in a Company Material Adverse Effect or a Purchaser Material Adverse Effect, as applicable; provided, further, that a disclosure in any section of such Party's Disclosure Letter shall be deemed to be a disclosure for all other sections of such Party's Disclosure Letter in respect of which it is reasonably apparent that such disclosure is applicable, whether or not repeated or cross-referenced in such other section.

"Encumbrance" means any mortgage, deed of trust, easement, pledge, hypothecation, assignment, security interest of any kind whatsoever, restriction, option, license, equity interest, preference, right to subscribe, participation interest, claim, lien, or encumbrance of any kind whatsoever; provided, however, that no Encumbrance shall be deemed to be created by this Agreement or any other Transaction Document.

"Environmental Law" means any law, regulation, order, decree or permit requirement of any federal, state, or local governmental jurisdiction: (i) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety as it relates to Hazardous Substance exposure, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (ii) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Substance.

"Equity Interest" means, with respect to any Person, any share of capital stock of, or any general, limited or other partnership interest, membership interest or similar ownership interest in, such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Estimated Closing Date Balance Sheet" has the meaning set forth in Section 2.2(b).

"Estimated Closing Statement" means a statement setting forth Parent's good faith estimate of (i) the Purchase Price as of the Closing Date, (ii) the Estimated Net Working Capital Adjustment, (iii) the unpaid Indebtedness of the Target Company as of the Closing Date and (iv) the unpaid Company Transaction Expenses as of the Closing Date.

"Estimated Net Working Capital" means the estimated Net Working Capital as of the Closing Date as shown on the Estimated Closing Statement.

"Estimated Net Working Capital Adjustment" means an amount (which may be negative) equal to (i) the Estimated Net Working Capital minus (ii) the Target Net Working Capital.

"Exchange Act" means the Securities Exchange Act of 1934.

"Federal Arbitration Act" means the United States Federal Arbitration Act.

"FD Agreement" means that certain Amended and Restated Processing Agreement, dated as of February 20, 2002, as further amended, by and among First Data Merchant Services Corporation, the Target Company and BMO Harris Bank N.A.

"Final Closing Statement" has the meaning set forth in Section 2.3(c).

"Final Net Working Capital" means the Net Working Capital as of the Closing Date as shown on the Final Closing Statement.

"Final Net Working Capital Adjustment" means an amount (which may be negative) equal to (i) the Final Net Working Capital minus (ii) the Target Net Working Capital.

"GAAP" means U.S. generally accepted accounting principles.

"Government Authority" means any U.S. or non-U.S., federal, state, provincial, county, city or local legislative, administrative or regulatory authority, agency, court, tribunal, body or other governmental or quasi-governmental entity with competent jurisdiction, including any supranational body and any Self-Regulatory Organization, as well as any Card Network.

"Government Order" means any order, writ, judgment, injunction, approval, decree, declaration, stipulation, determination, agreement or award entered by or with any Government Authority.

"Gross Margin" for any Merchant means the total revenue for MasterCard and/or VISA and/or other credit or debit card payment processing services provided by the Target Company in accordance with the Merchant's Merchant Agreement less (i) interchange, (ii) assessments fees and dues and charges of the Card Networks (including any noncompliance fees, fines and penalties imposed on the Target Company, but only to the extent they are not billed to or passed through to the Merchant), (iii) cost of goods sold (processing costs, network fees and point of sale related expenses), (iv) applicable taxes, refunds, adjustments, chargebacks and other valid losses, (v) fees paid to any provider of BIN/ICA sponsorship, and (vi) any damages, debts, expenses, costs, obligations, liabilities, claims and demands arising from any breach by the Merchant under its Merchant Agreement; provided, however, that for the purpose of this calculation the Gross Margin of any particular Merchant Agreement shall not be less than zero; provided, further, that the Gross Margin for Indirect Merchants shall be equal to ninety percent (90%) of the net revenue for such Merchant.

"Hazardous Substance" means: (i) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under any Environmental Laws; and (ii) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

"ICA" means a unique intercard bank association number assigned and licensed by MasterCard to an Acquiring Member for such Acquiring Member's use in, entering transactions into or receiving transactions from such Association's settlement and authorization systems.

"Indebtedness" with respect to any Person means, as of any particular time, without duplication, (a) the principal, accrued and unpaid interest, accrued and unpaid prepayment and redemption premiums or penalties (if any), accrued and unpaid fees or expenses and other accrued but unpaid monetary obligations in respect of (i) indebtedness for borrowed money and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which the Target Company is responsible or liable, in each case other than the current liability portion of any such indebtedness; (b) all obligations issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but, in each case, excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course of Business); (c) all obligations under leases required to be capitalized in accordance with GAAP; (d) all obligations for the reimbursement of any obligor on any drawn letter of credit; (e) all obligations under interest rate or currency swap transactions (valued at the termination value thereof); (f) all obligations of the type referred to in clauses (a) through (e) for the payment of which the Target Company is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (g) all obligations of the type referred to in clauses (a) through (f) secured by any Encumbrance (excluding Permitted Encumbrances) on any property or asset of the Target Company.

"Indemnified Director" has the meaning set forth in Section 5.14(a).

"Indemnified Person" has the meaning set forth in Section 8.4(a).

"Indemnifying Person" has the meaning set forth in Section 8.4(a).

"Insurance Policies" has the meaning set forth in Section 3.16.

"Intellectual Property" means, in any and all jurisdictions throughout the world, any (i) trademarks, service marks, Internet domain names, trade dress and trade names, registrations and applications for registration of the foregoing, and the goodwill associated therewith and symbolized thereby ("Trademarks"), (ii) patents and patent applications, (iii) trade secrets, (iv) copyrights (including copyrights in computer software and Internet websites) and registrations and applications for registration of the foregoing, and (v) any other intellectual property rights under applicable Law.

"Intercompany Payables" means all account, note or loan payables and all advances (cash or otherwise) or any other extensions of credit that are payable by the Target Company to Parent or any of its Affiliates (other than the Target Company).

"Intercompany Receivables" means all account, note or loan payables and all advances (cash or otherwise) or any other extensions of credit that are payable by Parent or any of its Affiliates (other than the Target Company) to the Target Company.

"IRS" means the U.S. Internal Revenue Service.

"IT Assets" means computers, computer software (including both object code and source code), firmware, middleware, servers, workstations, routers, hubs, switches, data, data communication lines and other information technology equipment and associated documentation.

"Knowledge" means (i) with respect to Parent, the actual knowledge of any of the individuals listed in Section 1 of Parent's Disclosure Letter and (ii) with respect to Purchaser, the actual knowledge of any of the executive officers of Purchaser.

"Law" means any law, statute, ordinance, rule, regulation, code, order, judgment, injunction, decree, directive, policy, guideline, ruling, approval, decree or other requirement or rule of law enacted, issued, promulgated, enforced or entered by a Government Authority.

"Liabilities" means any debt, liability or obligation, whether asserted or unasserted, determined or determinable, absolute or contingent, accrued or unaccrued and whether due or to become due.

"Limited Damages" has the meaning set forth in Section 8.9.

"Liquidated Damages" has the meaning set forth in Section 8.2(c).

"Losses" means any damages, losses, claims, demands, actions, suits, proceedings, payments, liabilities, charges, interest, fines, judgments, penalties, Taxes and out-of-pocket costs and expenses (including reasonable outside legal fees).

"Merchant" means any Person that accepts Cards for the payment for goods or services and for whom the Target Company provides, directly or indirectly, Acquiring services pursuant to a Merchant Agreement. For purposes of the Prohibited Merchant Representation and Section 8.2(c) only, "Merchant" shall also include any Person that BMO Harris Bank, N.A. sponsors into the Card Networks under Contracts pursuant to which the Target Company derives revenue ("Indirect Merchants").

"Merchant Agreement" means, for any Merchant, a written agreement between such Merchant, on the one hand, and the Target Company, on the other, for the provision of Acquiring services.

"Merchant Assignment Agreement" means the assignment and assumption agreement substantially in the form attached as Exhibit 6.

"Net Working Capital" means, as of any given date, the current assets of the Target Company (excluding any deferred tax assets, Tax refunds or receivables or Intercompany Receivables) minus the current liabilities of the Target Company (excluding any deferred tax liabilities established to reflect timing differences between book and Tax income, Tax payables or Intercompany Payables), in each case determined in accordance with Exhibit 3. For purposes of calculating the Purchase Price Adjustment, Net Working Capital shall not include the Adjusted Settlement Liability at the Closing. The amount of unrestricted cash necessary to fund the Adjusted Settlement Liability at the Closing shall be retained by the Target Company.

"Noncompetition Term" has the meaning set forth in Section 5.14(b).

"Notice" has the meaning set forth in Section 10.1(a).

"Open Source License" means any license that is identified as an "open source" license by the Open Source Initiative (opensource.org/).

"OSFI" means the Office of the Superintendent of Financial Institutions (Canada).

"Outside Date" means February 9, 2017.

"Parent" has the meaning set forth in the Preamble.

"Parent Competing Person" has the meaning set forth in Section 5.14(b).

"Parent Fundamental Representations" means Section 3.1(a) (*Organization*), Section 3.1(b) (*Corporate Authorization*), Section 3.1(c) (*Binding Effect*), Section 3.2 (a)-(c), the first sentence of Section 3.15 (*Title to Assets*) and Section 3.17 (*Finder's Fees*).

"Parent Indemnified Parties" means Parent, its Affiliates, the Parent Shareholders and their respective Representatives.

"Parent Required Governmental Approvals" has the meaning set forth in Section 3.7.

"Parent Shareholder" means each of Bank of Montreal Holding Inc. and Royal Bank Holding Inc., and, as applicable, their respective Affiliates.

"Parent Shareholder Non-Competition Agreement" means the Non-Competition Agreement substantially in the form attached as Exhibit 7, together with such changes and other terms as the Parties and the Parent Shareholders may mutually agree.

"Parent Trademarks" all Trademarks owned by Parent or any of its Affiliates (including all Trademarks owned by the Target Company immediately prior to the Closing), including the names "Moneris," "Moneris Solutions," "PAYD," "PAYD PRO," and "BE PAYMENT READY" or any trade names, corporate names or business names, trademarks, tag-lines, identifying logos, trade dress, monograms, slogans, service marks, domain names, brand names or any other name or source identifiers related thereto or employing the wording "Moneris" or "MNS" or any derivation, variation, translation, adaptation, abbreviation or acronym of any of the foregoing or any confusingly similar trade name, corporate name or business name, trademark, tag-line, identifying logo, trade dress, monogram, slogan, service mark, domain name, brand name or other name or source identifier or any Trademark embodying any of the foregoing, whether alone or in combination with any other words, names, logos or Trademarks.

"Parties" means Parent and Purchaser.

"Permits" means licenses, permits, certificates, registrations and other authorizations and approvals that are issued by or obtained from any Government Authority or any Card Network.

"Permitted Encumbrances" means (i) statutory Encumbrances for Taxes, assessments or governmental charges or levies not yet due and payable, or which although delinquent can be paid without penalty, or are being contested in good faith by appropriate proceedings, (ii) Encumbrances resulting from a precautionary filing by a lessor with respect to a lease, (iii) Encumbrances imposed by Law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the

ordinary course which secure payment of obligations not more than sixty (60) days past due or which are being contested in good faith by appropriate proceedings, (iv) purchase money security interests for the purchase or leasing of office equipment, computers, vehicles and other items of tangible personal property, (v) in the case of real property, zoning, building, subdivision, environmental, entitlement or other land use regulations, and (vi) in the case of real property, easements, quasi-easements, encumbrances, licenses, covenants, rights-of-way, rights of re-entry or other restrictions and similar agreements, conditions or restrictions or Encumbrances that would be shown by a current title report or other similar report or listing or by a current survey or physical inspection.

"Person" means any individual, bank, corporation, general or limited partnership, association, limited liability company, business trust, unincorporated organization or other organization or entity, whether domestic or foreign, or any Government Authority.

"Personal Information" means any information that specifically identifies any employee, customer, prospective customer or other third party who has provided information to the Target Company in connection with the conduct of the Target Business.

"Pre-Closing Period" means each taxable period that ends as of or before the Closing and, in the case of a taxable period beginning on or before and ending after the Closing, the portion of such period ending on and including the Closing Date.

"Pre-Closing Taxes" means (i) Taxes of the Target Company for all Pre-Closing Periods, (ii) Taxes of any affiliated, combined, consolidated, unitary or other group of which the Target Company is or was a member on or prior to the Closing Date and (iii) Taxes of any other Person imposed on the Target Company as a transferee or successor, by contract (other than a leasing or financing contract entered into in the ordinary course of business, the principal purpose of which is not related to Taxes) or Law.

"Prohibited Merchant" has the meaning set forth in Section 8.2(c)(i).

"Prohibited Merchant Representation" means the representations and warranties of Parent contained in the first sentence of Section 3.19(d).

"Prohibited Merchant Representation Deductible" has the meaning set forth in Section 8.2(c).

"Proposed Closing Date Balance Sheet" has the meaning set forth in Section 2.3(a).

"Proposed Final Closing Statement" means a statement setting forth Purchaser's good faith estimate of (i) the Purchase Price as of the Closing Date, (ii) the Final Net Working Capital Adjustment, (iii) the unpaid Indebtedness of the Target Company as of the Closing Date and (iv) the unpaid Company Transaction Expenses as of the Closing Date.

"Purchase Price" has the meaning set forth in Section 2.2(a).

"Purchaser" has the meaning set forth in the Preamble.

"Purchaser 401(k) Plan" has the meaning set forth in Section 5.11(d).

"Purchaser Benefit Plans" has the meaning set forth in Section 5.11(b).

"Purchaser Fundamental Representations" means Section 4.1(a) (*Organization*), Section 4.1(b) (*Corporate Authorization*), Section 4.1(c) (*Binding Effect*), Section 4.4 (*Finder's Fees*) Section 4.6 (*Securities Law Compliance*) and Section 4.7 (*Due Diligence by Purchaser*).

"Purchaser Material Adverse Effect" means, as of any particular date, any change, effect, event or occurrence that, individually or when considered in the aggregate with any other change, effect, event or occurrence, adversely impairs the ability of Purchaser or any of Purchaser's Affiliates to perform its obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner.

"Purchaser Required Governmental Approvals" has the meaning set forth in Section 4.3.

"Receiving Party" has the meaning set forth in Section 5.6(b).

"Related Party Contract" means any Contract between Parent, its Affiliates (other than the Target Company) and/or the Parent Shareholders, on the one hand, and the Target Company, on the other hand, including the Current BIN Sponsorship Agreement and the Current Merchant Referral Program Agreement. For the avoidance of doubt, Related Party Contracts do not include Tri-Party Agreements.

"Representatives" means, with respect to any Person, such Person's Affiliates, directors, managers, officers, employees, legal or financial advisors, agents or other representatives, or anyone acting on behalf of them or such Person.

"Required Governmental Approvals" means the Purchaser Required Governmental Approvals, the Parent Required Governmental Approvals and any authorizations, waivers, consents, approvals, filings, registrations, notices and applicable waiting periods relating to the Parent Shareholders required to be obtained, made or given by Parent Shareholders in connection with or as a condition to the execution, delivery and performance of any of the Transaction Documents or the consummation of the transactions contemplated thereby.

"Reverse Transition Services Agreement" means a Reverse Transition Services Agreement substantially in the form attached as Exhibit 2, together with such changes and other terms as the Parties may mutually agree in writing.

"Review Period" has the meaning set forth in Section 2.3(a).

"Rules" means the applicable bylaws, rules, regulations, documentation and manuals promulgated or adopted by the Card Networks, such as rules, manuals and other items may be amended or supplemented from time to time.

"Section 8.2(a)(iv) Deductible" has the meaning set forth in Section 8.2(d).

"Securities Act" means the Securities Act of 1933.

"Self-Regulatory Organization" means (i) any "self regulatory organization" as defined in Section 3(a)(26) of the Exchange Act and (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market.

"Sensitive Data" means: "Cardholder Data" and "Sensitive Authentication Data" as defined in the Payment Card Industry Data Security Standard.

"Software" means any and all computer software, in any form or format (including object code and source code), however fixed.

"Solvent" has the meaning set forth in Section 4.8.

"Specified ISO" means the Person forth on Section 8.2(a) of Parent's Disclosure Letter.

"Specified Litigation" has the meaning set forth in Section 5.18(a).

"Specified Target Contracts" has the meaning set forth in Section 3.14(a).

"Statement of Objections" has the meaning set forth in Section 2.3(b).

"Straddle Period" has the meaning set forth in Section 7.2.

"Subsidiary" means, for any Person, any other Person of which such first Person owns (either directly or through one or more other Subsidiaries) a majority of the outstanding Equity Interests or securities carrying a majority of the voting power in the election of the board of directors or other governing body of such other Person, and with respect to which entity such first Person is not otherwise prohibited contractually or by other legally binding authority from exercising control.

"Surviving Provisions" means Article I (*Definitions and Terms*), Section 5.6 (*Confidentiality*), Section 8.8 (*Exclusive Remedies*), Article IX (*Termination*) and Article X (*Miscellaneous*).

"Target Benefit Plans" has the meaning set forth in Section 3.9(a).

"Target Business" means the business conducted by the Target Company as of the date hereof.

"Target Company" means Moneris Solutions Inc., a Delaware corporation.

"Target Company 401(k) Plan" has the meaning set forth in Section 5.11(d).

"Target Company Financial Information" has the meaning set forth in Section 3.3(a).

"Target Contract" means any Contract to which the Target Company, or BMO Harris Bank, N.A. for Contracts pursuant to which the Target Company derives revenue which was reflected in Target Company Financial Information, is a party, but shall exclude any Target Benefit Plan.

"Target Equity Interests" means all of the Equity Interests of the Target Company.

"Target Net Working Capital" means $22,100,000 less the amount of the Target Company's deposit held by BMO Harris Bank, N.A. or its Affiliate under the Current BIN Sponsorship Agreement

actually refunded to the Target Company on or before the seventy-fifth (75th) day following the date hereof in connection with the transactions contemplated by this Agreement.

"Tax Claim" has the meaning set forth in Section 7.4(a).

"Tax Notice" has the meaning set forth in Section 7.4(a).

"Tax Notice Period" has the meaning set forth in Section 7.4(b).

"Tax Representations" means the representations and warranties of Parent contained in Section 3.8.

"Tax Returns" means all returns, declarations, reports, statements, elections, schedules, claims for refund, forms and other documents filed or required to be filed with respect to any Taxes, including any supplement or attachment thereto and any amendment thereof. "Tax Return" means any one of the foregoing Tax Returns.

"Taxes" means (i) any and all taxes, levies, fees, assessments and other charges imposed by any Governmental Authority, including, without limitation, income, gross receipts, license, capital stock, profits, sales, goods and services, use, transfer, registration, alternative or add-on minimum, estimated, severance, stamp, premium, windfall profits, environmental, customs duties, occupation, escheat, unclaimed property, value added, ad valorem, transfer, capital (including large corporations), franchise, withholding, social security (or similar), unemployment, disability, payroll, employment, excise, or property taxes or any other tax of any kind whatsoever, together with any interest, penalties or additions to tax imposed thereon or with respect thereto, (ii) any liability for or in respect of the payment of any amount of a type described in clause (i) of this definition arising as a result of being or having been a member of a consolidated, combined, affiliated or unitary group and (iii) any liability for or in respect of the payment of any amount of a type described in clause (i) or (ii) of this definition as a transferee or successor, by contract, operation of law or otherwise, whether disputed or not, and the term "Tax" means any of the foregoing Taxes.

"Technology License Agreement" means a Technology License Agreement substantially in the form attached as Exhibit 9, together with such changes and other terms as the Parties may mutually agree in writing.

"Third-Party Claim" has the meaning set forth in Section 8.4(a).

"Threshold" has the meaning set forth in Section 8.2(b).

"Top Bank Referral Partner" has the meaning set forth in Section 3.19(a).

"Top ISO Referral Partner" has the meaning set forth in Section 3.19(a).

"Top Merchant" has the meaning set forth in Section 3.19(a).

"Top Non-ISO Referral Partner" has the meaning set forth in Section 3.19(a).

"Top Vendor" has the meaning set forth in Section 3.19(a).

“Trademarks” has the meaning set forth in the definition of Intellectual Property.

“Transaction Documents” means this Agreement, the Transition Services Agreement, the Reverse Transition Services Agreement, the BMO Harris BIN Sponsorship Agreement, the BMO Harris Merchant Referral Program Agreement, the Merchant Assignment Agreement, the Parent Shareholder Non-Competition Agreement and the Technology License Agreement.

“Transition Services Agreement” means a Transition Services Agreement substantially in the form attached as Exhibit 1, together with such changes and other terms as the Parties may mutually agree in writing.

“Tri-Party Agreements” has the meaning set forth in Section 5.17(b).

“Vantiv” has the meaning set forth in the Preamble.

“Virtual Data Room” means the virtual data room containing documents and information relating to, among other things, the Target Company, the Target Business and the Target Equity Interests made available by Parent in electronic form to Purchaser and its Representatives.

“Willful Breach” means a material breach of, or failure to perform any of the covenants or other agreements contained in, this Agreement, that is a consequence of an act or failure to act by the breaching or non-performing party with actual knowledge, or knowledge that a person acting reasonably under the circumstances should have, that such party’s act or failure to act would, or would reasonably be expected to, result in or constitute a breach of or failure of performance under this Agreement.

Interpretation.

(a) Unless the context otherwise specifically requires:

(i) the words “hereof,” “herein,” “hereby” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(ii) all terms defined in the singular have a comparable meaning when used in the plural, and vice versa;

(iii) the terms “Dollars” and “$” mean United States Dollars;

(iv) references to words of inclusion herein shall not be construed as terms of limitation, and thus references to “included” matters or items shall be regarded as non-exclusive, non-characterizing illustrations;

(v) references herein to either gender includes the other gender;

(vi) references to this Agreement shall include Parent’s Disclosure Letter, Purchaser’s Disclosure Letter, the Preamble and any Recitals, Schedules and Exhibits to this Agreement;

(vii) references herein to the Preamble or to any Recital, Article, Section, Subsection, Exhibit or Schedule shall refer, respectively, to the Preamble or to a Recital, Article, Section, Subsection, Exhibit or Schedule to this Agreement;

(viii) references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and all references to any section of any statute, rule or regulation include any successor to the section;

(ix) references to any Government Authority include any successor to such Government Authority;

(x) references to any agreement or other document are to such agreement or document as amended, modified, supplemented or replaced from time to time;

(xi) references to books, records or other information mean books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm;

(xii) references to a time of day are, unless otherwise specified, references to New York City time;

(xiii) references to "made available" (or words of similar import) in respect of information made available (or words of similar import) by Parent means any information made available to Purchaser by Parent or its Representatives (including any information made available prior to the date hereof in the Virtual Data Room);

(xiv) references to writing shall include any mode of reproducing words in a legible and non-transitory form;

(xv) references to "ordinary course" with respect to a Person shall be interpreted to refer to the ordinary course of such Person's business consistent with past practice; and

(xvi) the rule known as the *ejusdem generis* rule shall not apply and, accordingly, general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

(b) The table of contents and headings contained in this Agreement are for reference purposes only and do not limit or otherwise affect any of the provisions of this Agreement.

(c) No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

(d) Whenever a provision of this Agreement provides that an action is to be effected as of, on or by a certain date, and such date is not a Business Day, this Agreement shall be read so that such action is required to be effected as of, on or by (as applicable) the next succeeding Business Day.

Exhibit 21.1

Subsidiaries of Vantiv, Inc.

Subsidiary	State or Other Jurisdiction of Formation
Vantiv Holding, LLC	Delaware
Vantiv, LLC	Delaware
Vantiv Company, LLC	Indiana
Vantiv Gaming Solutions, LLC	Delaware
8500 Governors Hill Drive, LLC	Delaware
Vantiv Prepaid Solutions, LLC	Delaware
Vantiv Shared Services, LLC	Delaware
NPC Group, Inc.	Delaware
Vantiv Services Company	Delaware
National Processing Company Group, Inc.	Delaware
National Processing Company	Nebraska
Best Payment Solutions, Inc.	Illinois
Vantiv eCommerce, LLC	Delaware
Vantiv Integrated Payments Solutions, Inc.	Nevada
People's United Merchant Services, LLC	Delaware
MPS Holding Corp.	Delaware
Vantiv Integrated Payments, LLC	Delaware
Vantiv Integrated Payments Canada, LLC	Delaware
MML 1 LLC	Delaware
Moneris Solutions, Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-180268, 333-196911, and 333-207834 on Form S-8 and Registration Statement No. 333-211645 on Form S-3 of our reports dated February 8, 2017, relating to the financial statements and financial statement schedule of Vantiv, Inc. and subsidiaries, and the effectiveness of Vantiv, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Vantiv, Inc. for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
February 8, 2017

Exhibit 31.1

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 annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 the 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.

February 8, 2017

/s/ CHARLES D. DRUCKER

Charles D. Drucker
President and Chief Executive Officer

Exhibit 31.2

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

I, Stephanie L. Ferris, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 the 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.

February 8, 2017

/s/ STEPHANIE L. FERRIS

Stephanie L. Ferris
Chief Financial Officer

Exhibit 32

**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 Annual Report of Vantiv, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2016 as filed with the 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 (as adopted pursuant to 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.

February 8, 2017	/s/ CHARLES D. DRUCKER
	Charles D. Drucker
	President and Chief Executive Officer
February 8, 2017	/s/ STEPHANIE L. FERRIS
	Stephanie L. Ferris
	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.]