

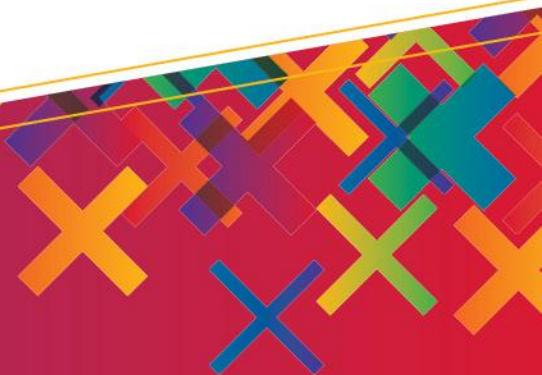
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Annual Conference

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ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**



Advanced Financing Options 201: Learning the Language

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Jane A. Parker

Jane is a Senior Vice President, Commercial Banking, for Bank of America Merrill Lynch. Jane has been in banking for 20 years, in various lending capacities including Commercial Real Estate, Asset Based Lending, and more recently, Middle Market Banking. Jane started her professional career as a CPA with Coopers & Lybrand, way back when there was a “Big 8”.

Jane has a bachelor's degree in Accountancy from Miami University (Ohio). Jane lives with her family outside of Portland, Maine, where she enjoys many of the outdoor activities associated with the area.

Frank Douglass

Bi-lingual in English and Japanese, Frank began his career working for a super-regional Japanese bank in Tokyo, eventually accepting posts in New York and Hong Kong. He moved to Maine in 1997, joining Wright Express in 2000. Frank was appointed Assistant Treasurer in late 2010.

Frank's bachelor's degree in International Studies is from the University of Washington. He finished his MBA in Technology Management from the University of Phoenix in January of 2007 and became a CTP in January 2008. In his spare time Frank enjoys travel, reading and fusing glass.

About WEX

Provider of corporate card payment solutions operating through two business segments

Fleet Payment Solutions (76% of YTD Total Revenue):

- **Serves commercial / government fleets**

- **7.6 million vehicles serviced**

- **United States Fleet Business:**

- Management estimates cards are accepted at approximately 90% of nation's fuel locations

- **Australian Fleet Business:**

- Management estimates cards are accepted at approximately 90% of nation's fuel locations

Other Payment Solutions (24% of YTD Total Revenue):

- **Corporate purchase cards**

- **Virtual card product**

- **Payroll cards**

- **Prepaid cards / gift card processing**

Note: Based on 2012 data

WEX Frame of Reference

- ❑ **Mid-cap** (\$2.8bb as of 09/12/2013)
- ❑ **Growth company**
 - 3 acquisitions in 2013 (UK, Brazil, Tennessee)
- ❑ **Multi-pronged strategy for growth**
 - Expand core U.S. fleet business
 - Diversify products
 - Grow business internationally
- ❑ **Relatively new to international operations**
 - WEX NZ 2008
 - WEX Australia 2010
- ❑ **Refinancing to accommodate growth**
 - Pro-rata markets in 2005, 2007, 2010 and 2013
 - Issued bonds in January 2013
- ❑ **Pay down debt quickly**

Mix & Match Funding to Growth

2005/IPO

- Revolver
- Term Loan A

Growth

- A/R Securitization
- Private Placement
- Term Loan B
- Bonds

Transformative

- Convertible Debt
- Equity

Revolver / Term Loan A

2005/IPO

- **Funded by Banks (Pro Rata Market)**
 - Sole Bank /Club Deal / Syndicate)
- **Revolver / Term Loan A**
- **Least expensive and most flexible form of financing**
 - prepayable
- **Maintenance Covenants**
- **Secured or Unsecured**
- **Capacity**

A/R Securitization

- Attractive financing available for businesses that have a large A/R portfolio
 - requires higher diligence on quality of Accounts Receivable (tenor, concentration, industry or vendor, country)
- May have pricing advantages to other forms of financing, though upfront/set-up costs are higher
- Does not tap Pro Rata market so preserves Pro Rata capacity
- Generally, shorter term with more volatile end markets
- Should be used in conjunction with other types of financing
- ABL, Asset Backed

Private Placement / Term Loan B / Bonds

Growth

- Well suited for longer term / stable borrowing needs
- Ratings are required (NAIC for Private Placement, Moody's, S&P, Fitch for Term Loan B)
- Investment Grade / Cross-over / High Yield / Junk
- Little or no amortization
- Offers diversification of capital from Pro Rata to Institutional lenders

Convertible Debt

Transformative

- Medium term financing at lower relative cost due to ability to convert to equity at predetermined strike price
- Does not dilute equity upfront, but dilution is a concern

Equity

- Stock issuance
- Highest cost of capital
- Time intensive for management - “Road Show”
- Shareholder considerations:
 - Dividends
 - Share Repurchase
 - Dilution

	Revolver	Term Loan	A/R Securitization	Private Placement	Convertible Debt	Equity
Description	<ul style="list-style-type: none"> Funded revolving credit facility 	<ul style="list-style-type: none"> Term Loan A or B Pro rata/Institution 	<ul style="list-style-type: none"> Credit facility with A/R contributed into ABCP conduit Tenor of 364 days in current market 	<ul style="list-style-type: none"> Public high yield issuance Typical maturities from 7–10 years 	<ul style="list-style-type: none"> Unsecured debt convertible into common stock Typical maturities of 5 or 7 years 	<ul style="list-style-type: none"> Equity offering to fund major acquisition
Execution Considerations	<ul style="list-style-type: none"> Substantial capacity in current market Must retain undrawn capacity for ongoing liquidity needs 	<ul style="list-style-type: none"> Substantial capacity in current market 	<ul style="list-style-type: none"> Generally attractive A/R profile (tenor, concentration) Requires formation work in each obligor country Pricing/advance rate depend on characteristics of A/R portfolio 	<ul style="list-style-type: none"> 4–5 day roadshow and 6–8 week execution 	<ul style="list-style-type: none"> 1 day telephonic marketing and 2–4 week execution 	<ul style="list-style-type: none"> Capacity to finance transformative acquisition Discount depends on transaction size and market reaction to acquisition
Benefits	<ul style="list-style-type: none"> Flexible liquidity without expense of funded debt Prepayable at par Low cash interest expense 	<ul style="list-style-type: none"> Prepayable at par Lower cash interest expense Ability to leverage existing relationship lenders No ratings required for TLA 	<ul style="list-style-type: none"> Attractive pricing Prepayable at par Matches liability to asset base 	<ul style="list-style-type: none"> Deep market Incurrence-based covenants Provides more permanent capital Diversifies capital base 	<ul style="list-style-type: none"> Low fixed cost financing alternative Rating not required Rapid execution No financial covenants Structures mitigate equity dilution 	<ul style="list-style-type: none"> Deleveraging benefit Permanent capital
Considerations	<ul style="list-style-type: none"> Contemplated transaction size could limit PF liquidity Less permanent capital Maintenance covenants 	<ul style="list-style-type: none"> Ratings required for TLB Execution time frame Maintenance covenants Mandatory amortization 	<ul style="list-style-type: none"> Limited tenors Securitizing A/R from small jurisdictions may be uneconomical Concentration limits/reporting obligations 	<ul style="list-style-type: none"> Higher cash interest Ratings required Prepayment penalties/non-call period Execution time frame 	<ul style="list-style-type: none"> Potential equity dilution Size constrained by availability to borrow 	<ul style="list-style-type: none"> EPS dilution Potential market impact Size constraint Highest cost capital
Terminology	<ul style="list-style-type: none"> Carve-outs Baskets Buckets 	<ul style="list-style-type: none"> Syndicate Bank Market Capacity 	<ul style="list-style-type: none"> ABL – Asset Backed 	<ul style="list-style-type: none"> Private 	<ul style="list-style-type: none"> Bonds & Ratings High Yield Investment grade Junk 	<ul style="list-style-type: none"> Road Show Dilution Shareholder Consideration

Flexibility



Price