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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2017  
or

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

Commission File Number: 001-35462

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**Vantiv, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of incorporation or organization)

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

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

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of March 31, 2017, there were 162,031,218 shares of the registrant's Class A common stock outstanding and 35,042,826 shares of the registrant's Class B common stock outstanding.

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VANTIV, INC.  
FORM 10-Q

For the Quarterly Period Ended March 31, 2017

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**NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q, 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 our most recent Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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

**PART I — FINANCIAL INFORMATION****Item 1. Financial Statements**

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

	Three Months Ended	
	March 31,	
	2017	2016
Revenue:		
External customers	\$ 911,981	\$ 797,571
Related party revenues	16,221	21,052
Total revenue	928,202	818,623
Network fees and other costs	458,092	387,413
Sales and marketing	155,040	135,638
Other operating costs	75,924	73,703
General and administrative	89,298	43,984
Depreciation and amortization	76,086	68,230
Income from operations	73,762	109,655
Interest expense—net	(29,170)	(27,729)
Non-operating expenses	(4,124)	(5,652)
Income before applicable income taxes	40,468	76,274
Income tax expense	5,167	23,826
Net income	35,301	52,448
Less: Net income attributable to non-controlling interests	(6,416)	(12,710)
Net income attributable to Vantiv, Inc.	\$ 28,885	\$ 39,738
Net income per share attributable to Vantiv, Inc. Class A common stock:		
Basic	\$ 0.18	\$ 0.26
Diluted	\$ 0.17	\$ 0.25
Shares used in computing net income per share of Class A common stock:		
Basic	160,876,177	155,397,360
Diluted	197,496,680	196,777,827

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	March 31,	
	2017	2016
Net income	\$ 35,301	\$ 52,448
Other comprehensive gain (loss), net of tax:		
Gain (loss) on cash flow hedges	4,805	(8,111)
Comprehensive income	40,106	44,337
Less: Comprehensive income attributable to non-controlling interests	(7,655)	(10,559)
Comprehensive income attributable to Vantiv, Inc.	\$ 32,451	\$ 33,778

See Notes to Unaudited Consolidated Financial Statements.

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

	March 31, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 138,281	\$ 139,148
Accounts receivable—net	883,728	940,052
Related party receivable	1,359	1,751
Settlement assets	154,358	152,490
Prepaid expenses	35,386	39,229
Other	28,400	15,188
Total current assets	1,241,512	1,287,858
Customer incentives	67,142	67,288
Property, equipment and software—net	369,036	348,553
Intangible assets—net	750,304	787,820
Goodwill	3,739,825	3,738,589
Deferred taxes	745,221	771,139
Other assets	31,042	42,760
Total assets	\$ 6,944,082	\$ 7,044,007
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 464,402	\$ 471,979
Related party payable	3,760	3,623
Settlement obligations	762,140	801,381
Current portion of note payable to related party	7,557	7,557
Current portion of note payable	123,562	123,562
Current portion of tax receivable agreement obligations to related parties	222,444	191,014
Current portion of tax receivable agreement obligations	53,841	60,400
Deferred income	9,702	7,907
Current maturities of capital lease obligations	7,913	7,870
Other	11,034	13,719
Total current liabilities	1,666,355	1,689,012
Long-term liabilities:		
Note payable to related party	141,688	143,577
Note payable	2,916,289	2,946,026
Tax receivable agreement obligations to related parties	347,131	451,318
Tax receivable agreement obligations	74,990	86,640
Capital lease obligations	11,049	13,223
Deferred taxes	63,463	62,148
Other	54,345	44,774
Total long-term liabilities	3,608,955	3,747,706
Total liabilities	5,275,310	5,436,718
Commitments and contingencies (See Note 7 - Commitments, Contingencies and Guarantees)		
Equity:		
Class A common stock, \$0.00001 par value; 890,000,000 shares authorized; 162,031,218 shares outstanding at March 31, 2017; 161,134,831 shares outstanding at December 31, 2016	1	1
Class B common stock, no par value; 100,000,000 shares authorized; 35,042,826 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	—	—
Preferred stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Paid-in capital	737,813	706,055
Retained earnings	717,589	689,512
Accumulated other comprehensive loss	(2,631)	(6,197)
Treasury stock, at cost; 2,797,903 shares at March 31, 2017 and 2,710,195 shares at December 31, 2016	(79,383)	(73,706)
Total Vantiv, Inc. equity	1,373,389	1,315,665

Non-controlling interests	295,383	291,624
Total equity	1,668,772	1,607,289
Total liabilities and equity	\$ 6,944,082	\$ 7,044,007

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2017	2016
<b>Operating Activities:</b>		
Net income	\$ 35,301	\$ 52,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	76,086	68,230
Amortization of customer incentives	6,680	7,177
Amortization of debt issuance costs	1,154	1,591
Share-based compensation expense	10,580	8,352
Deferred taxes	20,000	16,964
Excess tax benefit from share-based compensation	—	(6,940)
Tax receivable agreements non-cash items	4,131	5,652
Other	153	—
Change in operating assets and liabilities:		
Accounts receivable and related party receivable	56,474	(30,196)
Net settlement assets and obligations	(41,109)	(62,257)
Customer incentives	(7,190)	(15,602)
Prepaid and other assets	(7,049)	(9,675)
Accounts payable and accrued expenses	(8,512)	(10,801)
Payable to related party	137	520
Other liabilities	(3,168)	3,820
Net cash provided by operating activities	143,668	29,283
<b>Investing Activities:</b>		
Purchases of property and equipment	(27,871)	(27,883)
Acquisition of customer portfolios and related assets and other	(4,339)	(76)
Purchase of derivative instruments	—	(21,523)
Net cash used in investing activities	(32,210)	(49,482)
<b>Financing Activities:</b>		
Borrowings on revolving credit facility	570,000	765,000
Repayment of revolving credit facility	(570,000)	(765,000)
Repayment of debt and capital lease obligations	(35,588)	(41,767)
Payment of debt issuance costs	(1,098)	—
Proceeds from issuance of Class A common stock under employee stock plans	6,630	3,795
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(5,677)	(5,605)
Settlement of certain tax receivable agreements	(15,118)	—
Payments under tax receivable agreements	(55,695)	(53,474)
Excess tax benefit from share-based compensation	—	6,940
Distributions to non-controlling interests	(5,779)	(4,220)
Other	—	(12)
Net cash used in financing activities	(112,325)	(94,343)
Net decrease in cash and cash equivalents	(867)	(114,542)
Cash and cash equivalents—Beginning of period	139,148	197,096
Cash and cash equivalents—End of period	\$ 138,281	\$ 82,554
<b>Cash Payments:</b>		
Interest	\$ 27,488	\$ 25,931
Taxes	250	13,170

See Notes to Unaudited Consolidated Financial Statements.

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

	Total Equity	Common Stock				Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests
		Class A		Class B							
		Shares	Amount	Shares	Amount						
<b>Beginning Balance, January 1, 2017</b>	\$ 1,607,289	161,135	\$ 1	35,043	\$ —	2,710	\$(73,706)	\$ 706,055	\$ 689,512	\$ (6,197)	\$ 291,624
Cumulative effect of accounting change	491	—	—	—	—	—	—	1,299	(808)	—	—
Net income	35,301	—	—	—	—	—	—	—	28,885	—	6,416
Issuance of Class A common stock under employee stock plans, net of forfeitures	6,630	984	—	—	—	—	—	6,630	—	—	—
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(5,677)	(88)	—	—	—	88	(5,677)	—	—	—	—
Settlement of certain tax receivable agreements	15,132	—	—	—	—	—	—	15,132	—	—	—
Unrealized gain on hedging activities, net of tax	4,805	—	—	—	—	—	—	—	—	3,566	1,239
Distribution to non- controlling interests	(5,779)	—	—	—	—	—	—	—	—	—	(5,779)
Share-based compensation	10,580	—	—	—	—	—	—	8,697	—	—	1,883
<b>Ending Balance, March 31, 2017</b>	<u>\$ 1,668,772</u>	<u>162,031</u>	<u>\$ 1</u>	<u>35,043</u>	<u>\$ —</u>	<u>2,798</u>	<u>\$(79,383)</u>	<u>\$ 737,813</u>	<u>\$ 717,589</u>	<u>\$ (2,631)</u>	<u>\$ 295,383</u>

See Notes to Unaudited Consolidated Financial Statements.

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

	Total Equity	Common Stock				Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests
		Class A		Class B							
		Shares	Amount	Shares	Amount						
<b>Beginning Balance, January 1, 2016</b>	\$ 1,225,066	155,488	\$ 1	35,043	\$ —	2,593	\$(67,458)	\$ 553,145	\$ 476,304	\$ (9,204)	\$ 272,278
Net income	52,448	—	—	—	—	—	—	—	39,738	—	12,710
Issuance of Class A common stock under employee stock plans, net of forfeitures	3,795	954	—	—	—	—	—	3,795	—	—	—
Excess tax benefit from employee share-based compensation	6,940	—	—	—	—	—	—	6,940	—	—	—
Repurchase of Class A common stock (to satisfy tax withholding obligation)	(5,605)	(106)	—	—	—	106	(5,605)	—	—	—	—
Unrealized loss on hedging activities, net of tax	(8,111)	—	—	—	—	—	—	—	—	(5,960)	(2,151)
Distribution to non- controlling interests	(4,220)	—	—	—	—	—	—	—	—	—	(4,220)
Share-based compensation	8,352	—	—	—	—	—	—	6,821	—	—	1,531
Other	(12)	—	—	—	—	—	—	(12)	—	—	—
<b>Ending Balance, March 31, 2016</b>	<u>\$ 1,278,653</u>	<u>156,336</u>	<u>\$ 1</u>	<u>35,043</u>	<u>\$ —</u>	<u>2,699</u>	<u>\$(73,063)</u>	<u>\$ 570,689</u>	<u>\$ 516,042</u>	<u>\$ (15,164)</u>	<u>\$ 280,148</u>

See Notes to Unaudited Consolidated Financial Statements.

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

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

***Description of Business***

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

The Company provides electronic payment processing services to merchants and financial institutions throughout the United States of America and operates in two reportable segments, Merchant Services and Financial Institution Services. For more information about the Company’s segments, refer to Note 11 - 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”) and should be read in connection with the Company’s 2016 audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K. The accompanying consolidated financial statements are unaudited; however, in the opinion of management they include all normal and recurring adjustments necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. All intercompany balances and transactions have been eliminated.

As of March 31, 2017, Vantiv, Inc. and Fifth Third Bank (“Fifth Third”) owned interests in Vantiv Holding of 82.22% and 17.78%, respectively (see Note 6 - 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.

***Share Repurchase Program***

In October 2016, our board of directors authorized a program to repurchase up to \$250 million of our Class A common stock. The Company has approximately \$243 million of share repurchase authority remaining as of March 31, 2017 under this authorization.

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.

***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.

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

***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.

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

**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, occupancy and consulting costs. The three months ended March 31, 2017 includes a charge related to a settlement agreement stemming from legacy litigation of an acquired company.
- *Non-operating expenses* during the three months ended March 31, 2017 and 2016 primarily relate to the change in fair value of a tax receivable agreement ("TRA") (see Note 8 - Fair Value Measurements).

**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 shares issued under the Employee Stock Purchase Plan ("ESPP"), as restricted stock awards and performance awards is measured based on the market price of the Company's stock on the grant date. In 2017, the Compensation Committee of the Company's Board of Directors approved a resolution that stock options, restricted shares and restricted stock units shall vest or become exercisable in three equal annual installments beginning on the first anniversary of the grant date.

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 Company adopted this ASU on January 1, 2017. Under previous guidance, excess tax benefits and deficiencies from share-based compensation arrangements were recorded in equity when the awards vested or settled. ASU 2016-09 requires prospective recognition of excess tax benefits and deficiencies in the income statement, resulting in the recognition of excess tax benefits of \$8.6 million in income tax expense, rather than in paid-in capital, for the three months ended March 31, 2017.

Additionally, under ASU 2016-09, excess income tax benefits from share-based compensation arrangements are classified as cash flow from operations, rather than as cash flow from financing activities. The Company has elected to apply the cash flow classification guidance of ASU 2016-09 prospectively, resulting in an increase to operating cash flow of \$8.6 million for the three months ended March 31, 2017, and the prior year period has not been adjusted. The presentation requirements for cash flows related to employee taxes paid for withheld shares have no impact to the periods presented in our consolidated cash flows statements since such cash flows have historically been presented as a financing activity.

Prior to adopting ASU 2016-09 the Company estimated forfeitures as part of share-based compensation expense. Under ASU 2016-09, an entity can make an election to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. The Company has elected to account for forfeitures as they occur. The cumulative-effect of this change in election resulted in an increase to additional paid-in capital of \$1.3 million, an increase to deferred tax assets of \$0.5 million, and a decrease to retained earnings of \$0.8 million at the beginning of 2017.

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

ASU 2016-09 requires excess tax benefits and deficiencies to be prospectively excluded from assumed future proceeds in the calculation of diluted shares, resulting in an increase in diluted weighted average shares outstanding of approximately 505,000 shares for the three months ended March 31, 2017.

For the three months ended March 31, 2017 and 2016 total share-based compensation expense was \$10.6 million and \$8.4 million, respectively.

***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 9 - Net Income Per Share for further discussion.

***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 March 31, 2017.

***Income Taxes***

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

Income taxes are computed in accordance with ASC 740, *Income Taxes*, and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. The Company has deferred tax assets and liabilities and maintains valuation allowances where it is more likely than not that all or a portion of deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, such deferred tax assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made. As of March 31, 2017 and December 31, 2016, the Company had recorded no valuation allowances against deferred tax assets.

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

The Company's effective tax rates were 12.8% and 31.2% respectively, for the three months ended March 31, 2017 and 2016. The effective tax rate for each period reflects the impact of the Company's non-controlling interests not being taxed at the statutory corporate tax rates. The effective tax rate for the three months ended March 31, 2017, includes an \$8.6 million credit to income tax expense relating to excess tax benefits as a result of the Company's adoption of ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*.

***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.

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

***Accounts Receivable—net***

Accounts receivable primarily represent processing revenues earned but not collected. For a majority of its customers, the Company has the authority to debit the client's bank accounts through the Federal Reserve's Automated Clearing House; as such, collectibility is reasonably assured. The Company records a reserve for doubtful accounts when it is probable that the accounts receivable will not be collected. The Company reviews historical loss experience and the financial position of its customers when estimating the allowance. As of March 31, 2017 and December 31, 2016, 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. These facilities, furniture and equipment and software are depreciated on a straight-line basis over their respective useful lives, which are 15 to 40 years for the Company's facilities and related improvements, 2 to 10 years for furniture and equipment, 3 to 8 years for software and 3 to 10 years for leasehold improvements or the lesser of the estimated useful life of the improvement or the term of 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. Accumulated depreciation as of March 31, 2017 and December 31, 2016 was \$330.6 million and \$309.7 million, respectively.

The Company capitalizes certain costs related to computer software developed for internal use and amortizes such costs on a straight-line basis over an estimated useful life of 5 to 8 years. Research and development costs incurred prior to establishing technological feasibility are charged to operations as such costs are incurred. Once technological feasibility has been established, costs are capitalized until the software is placed in service.

***Goodwill and Intangible Assets***

In accordance with ASC 350, *Intangibles—Goodwill and Other*, the Company tests goodwill for impairment for each reporting unit on an annual basis, or when events occur or circumstances 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 March 31, 2017.

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 March 31, 2017, there have been no such events or circumstances that would indicate potential impairment of finite lived intangible assets.

***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

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

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.

***Tax Receivable Agreements***

As of March 31, 2017, 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 the Company’s initial public offering (“IPO”) for its use of NPC Group, Inc. net operating losses (“NOLs”) and other tax attributes existing at the IPO date (the “NPC TRA”), all of which is currently held by Fifth Third.
- A TRA with Fifth Third (the “Fifth Third TRA”) in which the Company realizes 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 Payment Systems, LLC (“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.

In 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 2016 Fifth Third TRA settlement discussed 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,

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

In March 2017, Fifth Third exercised the March 2017 put option under the Fifth Third TRA Addendum and the Company made the \$15.1 million payment to the Fifth Third TRA Holders, which results in a net gain recorded in equity of approximately \$15.1 million after taxes.

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 balance sheet (\$177.4 million).

Since Fifth Third is a significant stockholder, 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 a Repurchase Addendum to Tax Receivable Agreement (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 under the Mercury TRA Addendum and made the related 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 8 - Fair Value Measurements).

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 5<sup>th</sup> of the second year immediately following the taxable year in which the obligation occurred. The Company made payments under the TRA obligations of approximately \$55.7 million and \$53.5 million in January 2017

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

and January 2016, respectively. 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.

***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 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 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		44,725
Property and equipment		22
Intangible assets		76,500
Goodwill		373,297
Current liabilities		(65,924)
Deferred tax liability		(18,950)
Non-current liabilities		(2,893)
Total purchase price	\$	<u>429,628</u>

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

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 \$76.5 million with a weighted average estimated useful life of 5 years.

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.

**3. 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, 2016	\$ 3,163,739	\$ 574,850	\$ 3,738,589
Goodwill attributable to acquisition of Moneris USA <sup>(1)</sup>	1,236	—	1,236
Balance as of March 31, 2017	<u>\$ 3,164,975</u>	<u>\$ 574,850</u>	<u>\$ 3,739,825</u>

<sup>(1)</sup> Amount represents adjustments to goodwill associated with the acquisition of Moneris USA as a result of an update to the purchase price allocation, primarily related to revisions of certain estimates from the preliminary amounts reported as of December 31, 2016.

As of March 31, 2017 and December 31, 2016, the Company's finite lived intangible assets consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Customer relationship intangible assets	\$ 1,673,081	\$ 1,671,581
Customer portfolios and related assets	194,034	178,480
Patents	1,008	955
	<u>1,868,123</u>	<u>1,851,016</u>
Less accumulated amortization on:		
Customer relationship intangible assets	1,025,076	980,595
Customer portfolios and related assets	92,743	82,601
	<u>1,117,819</u>	<u>1,063,196</u>
Intangible assets, net	<u>\$ 750,304</u>	<u>\$ 787,820</u>

Amortization expense on intangible assets for the three months ended March 31, 2017 and 2016 was \$55.2 million and \$49.9 million, respectively.

The estimated amortization expense of intangible assets for the remainder of 2017 and the next five years is as follows (in thousands):

Nine months ending December 31, 2017	\$ 157,720
2018	193,514
2019	177,845
2020	99,257
2021	50,411
2022	32,708

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

**4. LONG-TERM DEBT**

As of March 31, 2017 and December 31, 2016, the Company's long-term debt consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Term A loan, maturing in October 2021 <sup>(1)</sup>	\$ 2,438,508	\$ 2,469,375
Term B loan, maturing in October 2023 <sup>(2)</sup>	763,087	765,000
Leasehold mortgage, expiring on August 10, 2021 <sup>(3)</sup>	10,131	10,131
Less: Current portion of note payable and current portion of note payable to related party	(131,119)	(131,119)
Less: Original issue discount	(3,486)	(3,631)
Less: Debt issuance costs	(19,144)	(20,153)
<b>Note payable and note payable to related party</b>	<b>\$ 3,057,977</b>	<b>\$ 3,089,603</b>

- <sup>(1)</sup> Interest at a variable base rate (LIBOR) plus a spread rate (175 basis points) (total rate of 2.66% at March 31, 2017) 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.
- <sup>(2)</sup> Interest at a variable base rate (LIBOR) with a floor of 75 basis points plus a spread rate (250 basis points) (total rate of 3.41% at March 31, 2017) and amortizing on a basis of 0.25% per quarter, with a balloon payment due at maturity.
- <sup>(3)</sup> Interest payable monthly at a fixed rate of 6.22%.

In October, 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 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 is 0.250% per year. During the three months ended March 31, 2017 the Company periodically borrowed under its revolving credit facility and repaid the amounts prior to quarter end. There were no outstanding borrowings on the revolving credit facility at March 31, 2017 and December 31, 2016.

As of March 31, 2017 and December 31, 2016, Fifth Third held \$149.2 million and \$151.1 million, respectively, of the term A loans, which were presented as note payable to related party on the Company's consolidated statements of financial position.

**Guarantees and Security**

The Company's debt obligations at March 31, 2017 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 March 31, 2017, the Company was in compliance with these financial covenants.

**5. 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 March 31, 2017 and December 31, 2016, the Company's derivative instruments consisted of interest rate swaps and interest rate cap agreements. The interest rate swaps hedge the variable rate debt by converting floating-rate payments to fixed-rate payments. The 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 March 31, 2017, the interest rate cap agreements had a fair value of \$24.8 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 8 - 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 March 31, 2017, the Company had a total of 8 outstanding interest rate swaps that were designated as cash flow hedges of interest rate risk. Of the 8 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 4 interest rate swaps cover an exposure period from January 2017 through January 2019 and have a combined notional balance of \$500 million. Fifth Third is the counterparty to 4 of the 8 outstanding interest rate swaps with notional balances ranging from \$262.5 million to \$250.0 million. Additionally, as of March 31, 2017, 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	March 31, 2017	December 31, 2016
Interest rate contracts	Other current assets	\$ 4,627	\$ 2,144
Interest rate contracts	Other long-term assets	20,217	21,085
Interest rate contracts	Other current liabilities	6,274	9,551
Interest rate contracts	Other long-term liabilities	3,928	5,507

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

Any ineffectiveness associated with such derivative instruments will be recorded immediately as interest expense in the accompanying consolidated statements of income. As of March 31, 2017, the Company estimates that \$6.3 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 three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
<b>Derivatives in cash flow hedging relationships:</b>		
Amount of gain (loss) recognized in OCI (effective portion) <sup>(1)</sup>	\$ 2,747	\$ (14,094)
Amount of (loss) reclassified from accumulated OCI into earnings (effective portion)	(4,215)	(2,376)

<sup>(1)</sup> "OCI" represents other comprehensive income.

**Credit Risk Related Contingent Features**

As of March 31, 2017, 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 \$11.0 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 March 31, 2017, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions at March 31, 2017, it could have been required to settle its obligations under the agreements at their termination value of \$11.0 million.

**6. 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.

As of March 31, 2017, Vantiv, Inc.'s interest in Vantiv Holding was 82.22%. Changes in units and related ownership interest in Vantiv Holding are summarized as follows:

	Vantiv, Inc.	Fifth Third	Total
<b>As of December 31, 2016</b>	161,134,831	35,042,826	196,177,657
<i>% of ownership</i>	82.14%	17.86%	
Equity plan activity <sup>(1)</sup>	896,387	—	896,387
<b>As of March 31, 2017</b>	162,031,218	35,042,826	197,074,044
<i>% of ownership</i>	82.22%	17.78%	

<sup>(1)</sup> Includes stock issued under the equity plans net of 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 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 a period.

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

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

	Three Months Ended March 31,	
	2017	2016
Net income	\$ 35,301	\$ 52,448
Items not allocable to non-controlling interests:		
Vantiv, Inc. (income) expenses <sup>(1)</sup>	(1,108)	13,138
Vantiv Holding net income	\$ 34,193	\$ 65,586
Net income attributable to non-controlling interests of Fifth Third <sup>(2)</sup>	\$ 6,028	\$ 11,874
Net income attributable to joint venture non-controlling interest <sup>(3)</sup>	388	836
Total net income attributable to non-controlling interests	\$ 6,416	\$ 12,710

<sup>(1)</sup> Primarily represents income tax (benefit) expense related to Vantiv, Inc.

<sup>(2)</sup> 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.

<sup>(3)</sup> Reflects net income attributable to the non-controlling interest of the joint venture.

## 7. COMMITMENTS, CONTINGENCIES AND GUARANTEES

### *Legal Reserve*

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

On April 17, 2017, the Company entered into a preliminary settlement agreement (the "Agreement") to settle class action litigation filed by plaintiffs in the United States District Court for the Northern District of Georgia (the "Court") under the caption Champs Sports Bar & Grill Co. et al. v. Mercury Payment Systems, LLC et al. regarding certain legacy business practices of the defendants, Mercury Payment Systems, LLC ("Mercury") and Global Payments Direct, Inc., dating back to 2009. The Company acquired Mercury on June 13, 2014.

The Company has agreed to settle the lawsuit after engaging in a successful mediation session occurring on February 16, 2017, at which the parties first identified the potential for resolution, and subsequent negotiations between the parties. The parties agreed to such mediation session after a previous mediation session held in December 2016 ended without a potential path toward resolution.

Under the terms of the Agreement, in exchange for a release from all claims relating to such legacy business practices from the beginning of the applicable settlement class period through the date of preliminary approval of the settlement, the Company anticipates paying \$38 million based on the estimated number of participants who opt-in to the settlement.

While the Company believes it has meritorious defenses to the claims, it agreed to the structure of the settlement, in order to save costs and avoid the risks of on-going litigation.

In connection with the settlement, the Company recorded a charge of \$38 million in the first quarter of 2017. The Company will pay the settlement amount from available resources.

The proposed settlement is subject to court approval. The Agreement contains no admission of wrongdoing.

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

**8. 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 March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017			December 31, 2016		
	Fair Value Measurements Using					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets:</b>						
Interest rate contracts	\$ —	\$ 24,844	\$ —	\$ —	\$ 23,229	\$ —
<b>Liabilities:</b>						
Interest rate contracts	\$ —	\$ 10,202	\$ —	\$ —	\$ 15,058	\$ —
Mercury TRA	—	—	128,831	—	—	147,040

***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 March 31, 2017 and December 31, 2016, 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 5 - Derivatives and Hedging Activities for further discussion of the Company’s interest rate contracts.

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

**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 March 31, 2017 and December 31, 2016. 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, 2016 to March 31, 2017 consists of the increase in fair value of \$4.1 million and the decrease from payments of \$22.3 million related to the Mercury TRA obligations. The Company recorded non-operating expenses of \$4.1 million and \$5.7 million related to the change in fair value during the three months ended March 31, 2017 and 2016, respectively.

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 March 31, 2017 and December 31, 2016 (in thousands):

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Liabilities:</b>				
Note payable	\$ 3,189,096	\$ 3,221,358	\$ 3,220,722	\$ 3,250,025

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.

**9. 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. As of March 31, 2017 and 2016, there were approximately 35.0 million Class B units outstanding, respectively.

In addition to the Class B units discussed above, potentially dilutive securities during the three months ended March 31, 2017 included restricted stock awards, restricted stock units, stock options, performance share awards and ESPP purchase rights. Potentially dilutive securities during the three months ended March 31, 2016 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 and ESPP purchase rights.

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.

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Basic:</b>		
Net income attributable to Vantiv, Inc.	\$ 28,885	\$ 39,738
Shares used in computing basic net income per share:		
Weighted-average Class A common shares	160,876,177	155,397,360
<b>Basic net income per share</b>	<b>\$ 0.18</b>	<b>\$ 0.26</b>
<b>Diluted:</b>		
Consolidated income before applicable income taxes	\$ 40,468	\$ 76,274
Income tax expense excluding impact of non-controlling interest	5,931	27,459
Net income attributable to Vantiv, Inc.	\$ 34,537	\$ 48,815
Shares used in computing diluted net income per share:		
Weighted-average Class A common shares	160,876,177	155,397,360
Weighted-average Class B units of Vantiv Holding	35,042,826	35,042,826
Warrant	—	5,247,189
Stock options	731,907	528,217
Restricted stock awards, restricted stock units and employee stock purchase plan	800,438	562,235
Performance awards	45,332	—
Diluted weighted-average shares outstanding	197,496,680	196,777,827
<b>Diluted net income per share</b>	<b>\$ 0.17</b>	<b>\$ 0.25</b>

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

**10. 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 three months ended March 31, 2017 and 2016 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.	
<b>Three Months Ended March 31, 2017</b>							
Net change in fair value recorded in accumulated OCI	\$ (17,819)	\$ 2,747	\$ (847)	\$ 1,900	\$ (490)	\$ 1,410	\$ (16,409)
Net realized loss reclassified into earnings <sup>(a)</sup>	11,622	4,215	(1,310)	2,905	(749)	2,156	13,778
Net change	<u>\$ (6,197)</u>	<u>\$ 6,962</u>	<u>\$ (2,157)</u>	<u>\$ 4,805</u>	<u>\$ (1,239)</u>	<u>\$ 3,566</u>	<u>\$ (2,631)</u>
<b>Three Months Ended March 31, 2016</b>							
Net change in fair value recorded in accumulated OCI	\$ (14,336)	\$ (14,094)	\$ 4,338	\$ (9,756)	\$ 2,586	\$ (7,170)	\$ (21,506)
Net realized loss reclassified into earnings <sup>(a)</sup>	5,132	2,376	(731)	1,645	(435)	1,210	6,342
Net change	<u>\$ (9,204)</u>	<u>\$ (11,718)</u>	<u>\$ 3,607</u>	<u>\$ (8,111)</u>	<u>\$ 2,151</u>	<u>\$ (5,960)</u>	<u>\$ (15,164)</u>

<sup>(a)</sup> 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 <sup>(1)</sup>	Interest expense-net
Tax effect	Income tax expense
OCI attributable to non-controlling interests	Net income attributable to non-controlling interests

<sup>(1)</sup> The three months ended March 31, 2017 and 2016 reflect amounts of gain (loss) reclassified from AOCI into earnings, representing the effective portion of the hedging relationships, and are recorded in interest expense-net.

**11. 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.

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

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.

	Three Months Ended March 31, 2017		
	Merchant Services	Financial Institution Services	Total
Total revenue	\$ 812,036	\$ 116,166	\$ 928,202
Network fees and other costs	426,144	31,948	458,092
Net revenue	385,892	84,218	470,110
Sales and marketing	148,959	6,081	155,040
Segment profit	\$ 236,933	\$ 78,137	\$ 315,070

	Three Months Ended March 31, 2016		
	Merchant Services	Financial Institution Services	Total
Total revenue	\$ 694,580	\$ 124,043	\$ 818,623
Network fees and other costs	353,334	34,079	387,413
Net revenue	341,246	89,964	431,210
Sales and marketing	129,336	6,302	135,638
Segment profit	\$ 211,910	\$ 83,662	\$ 295,572

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

	Three Months Ended March 31,	
	2017	2016
Total segment profit	\$ 315,070	\$ 295,572
Less: Other operating costs	(75,924)	(73,703)
Less: General and administrative	(89,298)	(43,984)
Less: Depreciation and amortization	(76,086)	(68,230)
Less: Interest expense—net	(29,170)	(27,729)
Less: Non-operating expenses	(4,124)	(5,652)
Income before applicable income taxes	\$ 40,468	\$ 76,274

## 12. SUBSEQUENT EVENT

On April 20, 2017, the Company entered into a definitive agreement to acquire Paymetric Holdings, Inc. ("Paymetric") pending customary closing conditions. Paymetric automates business-to-business payment workflows within enterprise systems and tokenizes payments data within these systems in order to enable secure storage of customer information and history.

This acquisition is expected to close in the second quarter of 2017 and will be recorded as a business combination under ASC 805, Business Combinations. This acquisition is not expected to have a significant effect on the Company's operating results. The Company will fund this acquisition with cash on hand and available credit facilities.

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

**Item 2. 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 affected recent results, as well as 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, as well as in our 10-K filed with the SEC on February 8, 2017. The following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report, as well as management's discussion and analysis and consolidated financial statements for the year ended December 31, 2016 included in our most recent Annual Report on Form 10-K.

**General**

We are the largest merchant acquirer and 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.

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.

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.

We distribute our services through multiple sales channels that enable us to efficiently and effectively target a broad range of merchants and financial institutions. Our sales channels include direct and indirect sales forces, which include our referral partner relationships, which provide us with a growing and diverse client base of merchants and financial institutions. We have a national sales force that targets financial institutions and 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. Our indirect sales force includes Independent Sales Organizations, or ISOs, that target small and mid-sized merchants. We have referral partner relationships with merchant banks, independent software vendors, or ISVs, value-added resellers, or VARs, payment facilitators, and trade associations that target a broad range of merchants, including difficult to reach small and mid-sized merchants. We also have relationships with third-party reseller partners and arrangements with core processors that target small and mid-sized financial institutions.

## Executive Overview

Revenue for the three months ended March 31, 2017 increased 13% to \$928.2 million from \$818.6 million in 2016.

Income from operations for the three months ended March 31, 2017 decreased to \$73.8 million from \$109.7 million in 2016.

Net income for the three months ended March 31, 2017 decreased to \$35.3 million from \$52.4 million in 2016. Net income attributable to Vantiv, Inc. for the three months ended March 31, 2017 decreased to \$28.9 million from \$39.7 million in 2016. See the “Results of Operations” section of this Management’s Discussion and Analysis for a discussion of our financial results.

In October 2016, our board of directors authorized a program to repurchase up to \$250 million of our Class A common stock. We currently have approximately \$243 million of share repurchase authority remaining as of March 31, 2017 under this authorization.

## 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.

### Merchant Services

We have a broad and diversified merchant client base. 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. 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.

We provide our services to merchants of varying sizes, which provides us with a number of key benefits. Due to the large transaction volume that they generate, large national merchants provide us with significant operating scale efficiencies and recurring revenues. Small and mid-sized merchants generally generate higher per transaction fees.

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 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***

Our financial institution client base is also generally well diversified and includes regional banks, community banks, credit unions and regional PIN debit networks. 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.

We distribute our services to financial institutions 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.

### ***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, occupancy and consulting costs. The three months ended March 31, 2017 includes a charge related to a settlement agreement stemming from legacy litigation of an acquired company.
- *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 expenses* during the three months ended March 31, 2017 and 2016 primarily relate to the change in the fair value of the tax receivable agreement (“TRA”) entered into as part of the acquisition of Mercury Payment Systems, LLC (“Mercury”).

#### ***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 6 - Controlling and Non-Controlling Interests in “Item 1 - Unaudited Consolidated Financial Statements” 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. Included in transition, acquisition and integration costs in the three months ended March 31, 2017 is a \$38 million charge to general and administrative expense related to a settlement agreement stemming from legacy litigation of an acquired company.

##### *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 Expense*

Non-operating expenses for the three months ended March 31, 2017 and 2016 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 for the three months ended March 31, 2017 is 34.0% and includes the impact of excess tax benefits relating to the Company's adoption of ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The adjusted effective tax rate is expected to remain at 34.0% for the remainder of 2017. This rate was 36% for the three months ended March 31, 2016.

*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 initial public offering ("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:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Fifth Third Tax Benefit <sup>(a)</sup>	\$ 2,268	\$ 11,932
Mercury Tax Benefit <sup>(b)</sup>	3,169	4,665
Total Tax Benefits	5,437	16,597
Less: TRA payments <sup>(c)</sup>	(4,621)	(14,107)
TRA Tax Benefits <sup>(d)</sup>	816	2,490
Acquired Tax Benefits <sup>(e)</sup>	30,762	15,580
Pro Forma Tax Benefits <sup>(f)</sup>	<u>\$ 31,578</u>	<u>\$ 18,070</u>

<sup>(a)</sup> Represents the cash tax benefits which are shared with Fifth Third Bank pursuant to a TRA.

<sup>(b)</sup> Represents the cash tax benefits shared with Mercury former shareholders pursuant to a TRA.

<sup>(c)</sup> Represents the amount of the TRA payment to be made to Fifth Third Bank and Mercury shareholders (85% payment).

<sup>(d)</sup> Represents the 15% benefit that we retain for the shared tax benefits related to the TRAs.

<sup>(e)</sup> Represents the tax benefits wholly owned by us, acquired through acquisition or termination of TRAs in which we retain 100% of the benefit.

<sup>(f)</sup> Represents the net cash tax benefit retained by us from the use of the tax attributes, as reflected in the Pro forma Tax Adjustments.

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The table below provides a reconciliation of GAAP income before applicable income taxes to pro forma adjusted net income for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Income before applicable income taxes	\$ 40,468	\$ 76,274
Non-GAAP Adjustments:		
Transition, acquisition and integration costs	49,534	7,163
Share-based compensation	10,580	8,352
Intangible amortization	51,906	47,665
Non-operating expenses	4,124	5,652
Non-GAAP Adjusted Income Before Applicable Taxes	156,612	145,106
Less: Pro Forma Adjustments		
Income tax expense	53,248	52,238
Tax adjustments	(31,578)	(18,070)
Total pro forma tax expense	21,670	34,168
Pro forma tax rate	14%	24%
JV non-controlling interest	256	535
Pro Forma Adjusted Net Income	<u>\$ 134,686</u>	<u>\$ 110,403</u>

**Results of Operations**

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

	Three Months Ended March 31,		\$ Change	% Change
	2017	2016		
	(dollars in thousands)			
Revenue	\$ 928,202	\$ 818,623	\$ 109,579	13 %
Network fees and other costs	458,092	387,413	70,679	18 %
Net revenue	470,110	431,210	38,900	9 %
Sales and marketing	155,040	135,638	19,402	14 %
Other operating costs	75,924	73,703	2,221	3 %
General and administrative	89,298	43,984	45,314	103 %
Depreciation and amortization	76,086	68,230	7,856	12 %
Income from operations	<u>\$ 73,762</u>	<u>\$ 109,655</u>	<u>\$ (35,893)</u>	<u>(33)%</u>
Non-financial data:				
Transactions (in millions)	6,275	5,820		8 %

**As a Percentage of Net Revenue**

	Three Months Ended March 31,	
	2017	2016
Net revenue	100.0%	100.0%
Sales and marketing	33.0%	31.5%
Other operating costs	16.1%	17.1%
General and administrative	19.0%	10.2%
Depreciation and amortization	16.2%	15.8%
Income from operations	<u>15.7%</u>	<u>25.4%</u>

**Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016**

***Revenue***

Revenue increased 13% to \$928.2 million for the three months ended March 31, 2017 from \$818.6 million for the three months ended March 31, 2016. The increase during the three months ended March 31, 2017 was due primarily to transaction growth of 8%. 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 18% to \$458.1 million for the three months ended March 31, 2017 from \$387.4 million for the three months ended March 31, 2016. The increase was due primarily to transaction growth of 8% and an increase in third party processing costs.

***Net Revenue***

Net revenue, which is revenue less network fees and other costs, increased 9% to \$470.1 million for the three months ended March 31, 2017 from \$431.2 million for the three months ended March 31, 2016 due to the factors discussed above.

***Sales and Marketing***

Sales and marketing expense increased 14% to \$155.0 million for the three months ended March 31, 2017 from \$135.6 million for the three months ended March 31, 2016. 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 3% to \$75.9 million for the three months ended March 31, 2017 from \$73.7 million for the three months ended March 31, 2016. When excluding transition, acquisition and integration costs, other operating costs increased 2% to \$72.7 million for the three months ended March 31, 2017 from \$71.2 million for the three months ended March 31, 2016. The increase is 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 103% to \$89.3 million for the three months ended March 31, 2017 from \$44.0 million for the three months ended March 31, 2016. When excluding transition, acquisition and integration costs, which include a \$38 million charge related to a settlement agreement stemming from legacy litigation of an acquired company, as well as share-based compensation costs, general and administrative expenses increased 5% to \$32.4 million for the three months ended March 31, 2017 from \$31.0 million for the three months ended March 31, 2016.

***Depreciation and Amortization***

Depreciation expense associated with our property, equipment and software increased to \$20.9 million for the three months ended March 31, 2017 from \$18.3 million for the three months ended March 31, 2016.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, increased to \$55.2 million for the three months ended March 31, 2017 from \$49.9 million for the three months ended March 31, 2016. The increase is primarily attributable to an increase in amortization of customer relationship intangible assets as a result of a recent acquisition.

***Income from Operations***

Income from operations decreased 33% to \$73.8 million for the three months ended March 31, 2017 from \$109.7 million for the three months ended March 31, 2016.

**Interest Expense—Net**

Interest expense—net increased to \$29.2 million for the three months ended March 31, 2017 from \$27.7 million for the three months ended March 31, 2016. The increase in interest expense—net is primarily attributable to our interest rate swaps.

**Non-Operating Expense**

Non-operating expenses were \$4.1 million and \$5.7 million for the three months ended March 31, 2017 and 2016, respectively, primarily relating to the change in fair value of the TRA entered into as part of the acquisition of Mercury.

**Income Tax Expense**

Income tax expense for the three months ended March 31, 2017 was \$5.2 million compared to \$23.8 million for the three months ended March 31, 2016, reflecting effective rates of 12.8% and 31.2%, respectively. Our effective rate reflects the impact of our non-controlling interests not being taxed at the statutory corporate tax rates. The effective tax rate for the three months ended March 31, 2017, includes an \$8.6 million credit to income tax expense as a result of our adoption of ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*.

**Segment Results**

The following tables provide a summary of the components of segment profit for our two segments for the three months ended March 31, 2017 and 2016.

**Merchant Services**

	Three Months Ended March 31,			
	2017	2016	\$ Change	% Change
	(dollars in thousands)			
Total revenue	\$ 812,036	\$ 694,580	\$ 117,456	17%
Network fees and other costs	426,144	353,334	72,810	21%
Net revenue	385,892	341,246	44,646	13%
Sales and marketing	148,959	129,336	19,623	15%
Segment profit	\$ 236,933	\$ 211,910	\$ 25,023	12%
Non-financial data:				
Transactions (in millions)	5,341	4,847		10%

**Net Revenue**

Net revenue in this segment increased 13% to \$385.9 million for the three months ended March 31, 2017 from \$341.2 million for the three months ended March 31, 2016. The increase during the three months ended March 31, 2017 was due primarily to transaction growth of 10% and a 3% 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 15% to \$149.0 million for the three months ended March 31, 2017 from \$129.3 million for the three months ended March 31, 2016. 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**

	Three Months Ended March 31,		\$ Change	% Change
	2017	2016		
	(dollars in thousands)			
Total revenue	\$ 116,166	\$ 124,043	\$ (7,877)	(6)%
Network fees and other costs	31,948	34,079	(2,131)	(6)%
Net revenue	84,218	89,964	(5,746)	(6)%
Sales and marketing	6,081	6,302	(221)	(4)%
Segment profit	\$ 78,137	\$ 83,662	\$ (5,525)	(7)%
Non-financial data:				
Transactions (in millions)	934	973		(4)%

*Net Revenue*

Net revenue in this segment decreased 6% to \$84.2 million for the three months ended March 31, 2017 from \$90.0 million for the three months ended March 31, 2016. The decrease during the three months ended March 31, 2017 was due to a 4% decrease in transactions and lower net revenue per transaction primarily driven by compression from the Fifth Third contract renewal, de-conversion of a major client and lapping contributions to EMV card reissuance and fraud related services in the prior year period.

*Sales and Marketing*

Sales and marketing expense decreased \$0.2 million to \$6.1 million for the three months ended March 31, 2017 from \$6.3 million for the three months ended March 31, 2016.

**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 March 31, 2017, our principal sources of liquidity consisted of \$138.3 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 March 31, 2017.

We have approximately \$243 million of share repurchase authority remaining as of March 31, 2017 under a program authorized by the board of directors in October 2016 to repurchase up to an additional \$250 million of our Class A common stock.

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

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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 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 that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

### **Cash Flows**

The following table presents a summary of cash flows from operating, investing and financing activities for the three months ended March 31, 2017 and 2016 (in thousands).

	Three Months Ended March 31,	
	2017	2016
Net cash provided by operating activities	\$ 143,668	\$ 29,283
Net cash used in investing activities	(32,210)	(49,482)
Net cash used in financing activities	(112,325)	(94,343)

#### *Cash Flow from Operating Activities*

Net cash provided by operating activities was \$143.7 million for the three months ended March 31, 2017 as compared to \$29.3 million for the three months ended March 31, 2016. The increase is due primarily to a decrease in the accounts receivable balance and a decrease in net settlement asset and obligations. Settlement assets and obligations can fluctuate due to seasonality as well as day of the month end.

#### *Cash Flow from Investing Activities*

Net cash used in investing activities was \$32.2 million for the three months ended March 31, 2017 as compared to \$49.5 million for the three months ended March 31, 2016. The decrease was primarily due to the premium paid to enter into the interest rate caps in the prior year.

#### *Cash Flow from Financing Activities*

Net cash used in financing activities was \$112.3 million for the three months ended March 31, 2017 as compared to \$94.3 million for the three months ended March 31, 2016. Cash used in financing activities for the three months ended March 31, 2017 consisted primarily of the repayment of debt and capital leases, payments under the tax receivable agreements and addendums and distributions to non-controlling interests. Cash used in financing activities for the three months ended March 31, 2016 consisted primarily of the repayment of debt and capital leases and payments under the tax receivable agreements.

### **Credit Facilities**

In October 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 March 31, 2017, we have \$2.4 billion and \$0.8 billion outstanding under the term A and term B loans, respectively, and there were no outstanding borrowings on the revolving credit facility. See additional discussion in Note 4 – Long-term Debt to the Notes to Unaudited Consolidated Financial Statements.

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

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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.

<b>Period</b>	<b>Leverage Ratio (must not exceed)</b>	<b>Interest Coverage Ratio (must exceed)</b>
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 March 31, 2017, we were in compliance with these covenants with a leverage ratio of 3.40 to 1.00 and an interest coverage ratio of 9.22 to 1.00.

#### ***Interest Rate Swaps and Caps***

As of March 31, 2017, we have a total of 8 outstanding interest rate swaps and 6 interest rate cap agreements that were designated as cash flow hedges of interest rate risk. See Note 5 - Derivatives and Hedging Activities in the Notes to Unaudited Consolidated Financial Statements for more information about the interest rate swaps and caps.

#### ***Tax Receivable Agreements***

As of March 31, 2017, 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 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, we evaluate the assumptions underlying the TRA obligations.

During 2016, the Company terminated a portion of the 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

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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 additional obligations of the Company would be terminated and settled in consideration for cash payments with similar amounts to the Call Options.
- In March 2017, Fifth Third exercised the first put option under the Fifth Third TRA Addendum and we made the related \$15.1 million payment to the Fifth Third TRA Holders, which results in a net gain recorded in equity of approximately \$15.1 million after taxes.

Since Fifth Third is a significant stockholder, a special committee of the Company's 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 8 - Fair Value Measurements in the Notes to Unaudited Consolidated Financial Statements).

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 5<sup>th</sup> of the second year immediately following the taxable year in which the obligation occurred. We made payments under the TRA obligations of approximately \$55.7 million and \$53.5 million in January 2017 and January 2016, respectively. Unless settled under the terms of the repurchase addenda, the terms of the TRAs will continue until all underlying tax benefits have been utilized or expired.

If Fifth Third had exchanged its remaining Class B units of Vantiv Holding all for shares of Class A common stock on March 31, 2017, 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's tax basis in the partnership interest, changes in tax rates, or significant changes in our stock price.

**Contractual Obligations**

There have been no significant changes to contractual obligations and commitments compared to those disclosed in our Annual Report on Form 10-K as of December 31, 2016 filed with the SEC on February 8, 2017.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our 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.

During the three months ended March 31, 2017, we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2016. Our critical accounting policies and estimates are described fully within Management's Discussion and Analysis of Financial Condition and Results of Operations included within our Annual Report on Form 10-K filed with the SEC on February 8, 2017.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet financing arrangements.

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

We are exposed to interest rate risk in connection with our senior secured credit facilities, which are subject to variable interest rates. 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 March 31, 2017 we had a total of 8 outstanding interest rate swaps. Of the 8 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 4 interest rate swaps cover an exposure period from January 2017 through January 2019 and have a combined notional balance of \$500 million. In addition, 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 March 31, 2017, a change in one percentage point in variable interest rates, after the effect of our interest rate swaps and caps effective at March 31, 2017, would cause an increase or decrease in interest expense of \$6.5 million on an annual basis.

**Item 4. 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 March 31, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Based on the evaluation of our disclosure controls and procedures as of March 31, 2017, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION****Item 1. Legal Proceedings**

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes none of these matters, either individually or in the aggregate, would have a material adverse effect on us, except as discussed in Note 7 - Commitments, Contingencies and Guarantees in Part I, Item 1. See the information under Legal Reserve in Note 7 - Commitments, Contingencies and Guarantees, which we incorporate herein by reference.

**Item 1A. Risk Factors**

You should carefully consider the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of Vantiv. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors disclosed in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

The following table sets forth information regarding shares of Class A common stock repurchased by us during the three months ended March 31, 2017:

Period	Total Number of Shares Purchased <sup>(1)(2)</sup>	Average Price Paid per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(2)</sup>
January 1, 2017 to January 31, 2017	—	\$ —	—	\$ 243.2
February 1, 2017 to February 28, 2017	87,708	\$ 64.81	—	\$ 243.2
March 1, 2017 to March 31, 2017	—	\$ —	—	\$ 243.2

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

<sup>(2)</sup> In October 2016, our board of directors authorized a program to repurchase up to \$250 million of our Class A common stock. 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.

**Item 5. Other Information**

On and effective as of April, 25, 2017, the Board of Directors of the Company approved various amendments (the “Bylaw Amendments”) to the Vantiv, Inc. Amended and Restated Bylaws. The substantive Bylaw Amendments are summarized as follows:

- Article II, Section 5 was amended to provide the Company flexibility to make its stockholder list available on a reasonably accessible electronic network, provided that the information required to gain access is provided with the notice of meeting.
- Article II, Section 6 was amended to provide that the quorum requirement for an item of business requiring a separate vote by a class or series of stock shall be a majority of the issued and outstanding such class or series.
- Article II, Section 7 was amended to provide authority to the person presiding at a meeting of the stockholders to adjourn the meeting from time to time.
- Article II, Section 8(d) was amended to remove the reference to the ability of stockholders to act by written consent as a result of Fifth Third Bank and investment funds managed by Advent International Corporation no longer holding 50% of the outstanding shares of the Company.

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- Article V, Section 4 was removed to clarify that the Chairperson of the Board is not an officer of the Company.
- Article V, Sections 6, 7, 8, 9 and 10 were amended to clarify that if in the future the offices of Chief Executive Officer and President are held by two different persons both offices shall have the authority to assign duties to the various officers named therein and to appoint other officers of the Company.
- Article VI, Sections 2, 5 and 6 were amended to remove references to reimbursement to conform to the Delaware General Corporation Law, in which the right to reimbursement is subsumed within the right to advancement of expenses.
- Article VII, Section 3(b) was removed to reflect the fact that stockholders of the Company do not have the right to act by written consent.

The foregoing summary of the Bylaw Amendments is subject to, and qualified in its entirety by, the full text of our Amended and Restated Bylaws, as so amended, a copy of which is attached hereto as Exhibit 3.2 and incorporated herein by reference.

**Item 6. Exhibits**

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

**SIGNATURES**

Pursuant to the requirements of 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: April 26, 2017

By: /s/ STEPHANIE L. FERRIS

Name: Stephanie L. Ferris

Title: Chief Financial Officer

Dated: April 26, 2017

By: /s/ CHRISTOPHER THOMPSON

Name: Christopher Thompson

Title: SVP, Controller and Chief Accounting Officer

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>			
		<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>
3.2	<a href="#">Amended and Restated Bylaws of Vantiv, Inc.</a>				
31.1	<a href="#">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.</a>				
31.2	<a href="#">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.</a>				
32.1	<a href="#">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.</a>				
101	Interactive Data Files.				

AMENDED AND RESTATED BYLAWS OF  
VANTIV, INC.  
(a Delaware corporation)

As effective on April 25, 2017

PREAMBLE

These Bylaws are subject to, and governed by, the General Corporation Law of the State of Delaware (the “DGCL”) and the Amended and Restated Certificate of Incorporation of Vantiv, Inc., a Delaware corporation (the “Corporation”), then in effect (the “Certificate of Incorporation”). In the event of a direct conflict between the provisions of these Bylaws and the mandatory provisions of the DGCL or the provisions of the Certificate of Incorporation, such provisions of the DGCL or the Certificate of Incorporation, as the case may be, will be controlling.

ARTICLE I

Offices

SECTION 1. Registered Office. The registered office of the Corporation shall be fixed in the Certificate of Incorporation.

SECTION 2. Other Offices. The Corporation’s Board of Directors (the “Board of Directors”) may at any time establish other offices at any place or places where the Corporation is qualified to do business or as the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 1. Annual Meetings. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year at such place, date and time, within or without the State of Delaware, as the Board of Directors shall determine.

SECTION 2. Special Meetings. Special meetings of stockholders for the transaction of such business as may properly come before the meeting may be held only upon call by the Board of Directors or the Chief Executive Officer, and shall be held at such place, date and time, within or without the State of Delaware, as may be specified by such body or person or persons in such call. Whenever the directors shall fail to fix such place, the meeting shall be held at the principal executive office of the Corporation.

SECTION 3. Notice of Meetings. Written notice of all meetings of the stockholders, stating the place (if any), date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the place within the city or other municipality or community at which the list of stockholders may be examined, shall be mailed or delivered to each stockholder not less than 10 nor more than 60 days prior to the meeting. Notice of any special meeting shall state the purpose or purposes for which the meeting is to be held. Only business within the purpose or purposes described in the notice may be conducted at a special meeting of stockholders.

SECTION 4. Postponement and Cancellation of Meeting. Any previously scheduled annual or special meeting of the stockholders may be postponed, and any previously scheduled annual or special meeting of the stockholders called by the Board of Directors or the Chief Executive Officer may be canceled, by resolution of the Board of Directors or action by a duly authorized officer upon public notice given prior to the time previously scheduled for such meeting of stockholders.

SECTION 5. Stockholder Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is to be held at a place, then the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 6. Quorum. Except as otherwise provided by law or the Certificate of Incorporation, a quorum for the transaction of business at any meeting of stockholders shall consist of the holders of record of a majority of the issued and outstanding shares of the capital stock of the Corporation entitled to vote at the meeting, present in person or by proxy. To the extent that a separate vote by a class or series or classes or series of the capital stock of the Corporation is required, a quorum shall consist of the holders of record of a majority of the issued and outstanding shares of such class or series or classes or series. If there be no such quorum, the holders of a majority of such shares so present or represented may adjourn the meeting from time to time, without further notice, until a quorum shall have been obtained. When a quorum is once present it is not broken by the subsequent withdrawal of any stockholder.

SECTION 7. Organization. Meetings of stockholders shall be presided over by the Chairperson, if any, or if none or in the Chairperson's absence the Vice Chairperson, if any, or if none or in the Vice Chairperson's absence the Chief Executive Officer, if any, or if none or in the Chief Executive Officer's absence the President, if any, or if none or in the President's absence a Vice President, or, if none of the foregoing is present, by a chairperson to be chosen by the stockholders entitled to vote who are present in person or by proxy at the meeting. The Secretary of the Corporation, or in the Secretary's absence an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the person presiding at the meeting shall appoint any person present to act as secretary of the meeting. The person presiding at the meeting may adjourn the meeting from time to any other time and to any other place at which a meeting of stockholders may be held under these Bylaws. The Board of Directors may adopt before a meeting such rules for the conduct of the meeting, including an agenda and limitations on the number of speakers and the time which any speaker may address the meeting, as the Board of Directors determines to be necessary or appropriate for the orderly and efficient conduct of the meeting. Subject to any rules for the conduct of the meeting adopted by the Board of Directors, the person presiding at the meeting may also adopt, before or at the meeting, rules for the conduct of the meeting.

SECTION 8. Voting; Proxies; Required Votes; Action by Written Consent

- (a) General. At each meeting of stockholders, every stockholder shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such stockholder or by such stockholder's duly authorized attorney-in-fact (but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period), and, unless the Certificate of Incorporation provides otherwise, shall have one vote for each share of stock entitled to vote registered in the name of such stockholder on the books of the Corporation on the applicable record date fixed pursuant to these Bylaws.
- (b) Director Elections. Directors shall be elected as set forth in the Certificate of Incorporation; provided, however, that notwithstanding any provision in the Certificate of Incorporation or these Bylaws to the contrary, (other than in connection with filling vacancies on the Board of Directors), a nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, further, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which the Secretary of the Corporation determines that the number of nominees exceeds the number of directors to be elected as of the date seven (7) days prior to the scheduled mailing date of the proxy statement for such meeting.
- (c) All Other Matters. Except as otherwise required by law or the Certificate of Incorporation, any other action of the stockholders shall be authorized by the vote of the majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter. Where a separate vote by a class or classes, present in person or represented by proxy, shall constitute a quorum entitled to vote on that matter, the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of such class, unless otherwise provided in the Certificate of Incorporation.
- (d) Certain Definitions. For purposes of this Article II, (i) "Affiliate" means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person; the term "control," as used in this definition, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and "controlled" and "controlling" have meanings correlative to the foregoing, (ii) "Person" means an individual, any general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity

or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity and (iii) “beneficial ownership” shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

SECTION 9. Advance Notification of Business to be Transacted at Meetings of Stockholders. To be properly brought before the annual or any special meeting of the stockholders, any business to be transacted at an annual or special meeting of stockholders must be either (a) specified in the notice of meeting (or any supplement or amendment thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) in the case of an annual meeting, otherwise properly brought before the meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 9 of Article II and on the record date for the determination of stockholders entitled to notice of and to vote at the meeting and (ii) who complies with the advance notice procedures set forth in this Section 9 of Article II. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and included in the Corporation’s notice of meeting, the foregoing clause (c) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of stockholders. Stockholders seeking to nominate persons for election to the Board of Directors must comply with Section 10 of Article II, and this Section 9 of Article II shall not be applicable to nominations.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder’s written notice addressed to the Secretary of the Corporation must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the date of the immediately preceding year’s annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than thirty (30) days prior to, or delayed by more than sixty (60) days after, the anniversary of the preceding year’s annual meeting, to be timely, notice by the stockholder must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting is first given or made (which for this purpose shall include any and all filings of the Corporation made on the EDGAR system of the U.S. Securities and Exchange Commission (“SEC”) or any similar public database maintained by the SEC), whichever first occurs.

To be in proper written form, a stockholder’s notice to the Secretary of the Corporation must set forth as to each matter such stockholder proposes to bring before a meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and record address of such stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (iii) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned beneficially or of record by such stockholder, (iv) any derivative positions held or beneficially held, directly or indirectly, by such stockholder, (v) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder with respect to any share of stock of the Corporation, (vi) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business; (vii) any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder has or shares a right to vote any shares of any security of the Corporation, (viii) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (ix) any pending or threatened litigation in which such stockholder is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (x) any material transaction occurring during the prior twelve months between such stockholder, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (xi) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting, and (xii) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies or consents by such stockholder in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act, and the rules and regulations promulgated thereunder.

Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this Section 9 of Article II. Nothing in this Section 9 of Article II shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at the annual or any special meeting of the stockholders except business brought before the meeting in accordance with the procedures set forth in this Section 9 of Article II; provided, however, that, once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section 9 of Article II shall be deemed to preclude discussion by any stockholder of any such business. The person presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that the business was not properly brought before the meeting in accordance with the provisions of this Section 9 of Article II, and if such officer shall so determine, such officer shall so declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

SECTION 10. Advance Notification of Nominations for Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as is otherwise provided in the Certificate of Incorporation with respect to the rights of the holders of shares of Class B Common Stock or preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. All nominations of persons for election to the Board of Directors shall be made at any annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 10 and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (ii) who complies with the advance notice procedures set forth in this Section 10. The foregoing clause (b) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting or special meeting, other than matters properly brought before the meeting pursuant to notice given under Rule 14a-8 of the Exchange Act and included in the Corporation's notice of meeting.

In addition to any other applicable requirements, for a director nomination to be properly made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's written notice to the Secretary of the Corporation must be delivered to or mailed and received at the principal executive offices of the Corporation, in the case of (x) an annual meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the date of the immediately preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than sixty (60) days after the anniversary of the preceding year's annual meeting, to be timely, notice by the stockholder must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting is first given or made (which for this purpose shall include any and all filings of the Corporation made on the EDGAR system of the SEC or any similar public database maintained by the SEC), whichever first occurs, and (y) a special meeting of the stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting is first given or made (which for this purpose shall include any and all filings of the corporation made on the EDGAR system of the SEC or any similar public database maintained by the SEC).

To be in proper written form, a stockholder's notice to the Secretary of the Corporation must set forth:

- (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation that are, directly or indirectly, owned beneficially or of record by the person, if any, (iv) any derivative positions held or beneficially held, directly or indirectly, by the person, if any, (v) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the person, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any share of stock of the Corporation, (vi) a statement whether such person, if elected, intends to tender, promptly following such person's election or reelection, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the Board of Directors, in accordance with the Corporation's Corporate Governance Guidelines, (vii) any direct or indirect voting commitments or other arrangements of such person with respect to their actions as a director, and (viii) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings of the proposing stockholder required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and
- (b) as to the stockholder giving the notice (i) the name and record address of such stockholder proposing such nomination and the beneficial owner, if any, on whose behalf the nomination is made, (ii) the class or series and

number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially or of record by such stockholder, (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements or understandings during the past three years, and any other material relationships, between such stockholder and each proposed nominee, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such stockholder were the “registrant” for purposes of such rule and the proposed nominee were a director or executive officer of such registrant, (iv) any derivative positions held or beneficially held, directly or indirectly, by such stockholder, (v) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder with respect to any share of stock of the Corporation, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings of the proposing stockholder required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named or referred to as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information (which may include attending meetings to discuss the furnished information) as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 10.

Notwithstanding anything in these Bylaws to the contrary, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 10. The person presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that the nomination was not made in accordance with the provisions of this Section 10, and if such officer shall also determine, such officer shall so declare to the meeting that any such defective nomination shall be disregarded.

SECTION 11. Inspectors. The Board of Directors, in advance of any meeting, shall appoint one or more inspectors of election to act at the meeting or any adjournment thereof and make a written report thereof. If an inspector or inspectors are not so appointed, the person presiding at the meeting shall appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by such inspector or inspectors and execute a certificate of any fact found by such inspector or inspectors.

### ARTICLE III

#### Board of Directors

SECTION 1. General Powers. The business, property and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation required to be exercised or done by the stockholders.

#### SECTION 2. Qualification; Number; Remuneration.

- (a) Each director shall be at least eighteen (18) years of age. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The number of directors shall be fixed from time to time by action of the Board of Directors, one of whom may be selected by the Board of Directors to be its Chairperson. The use of the phrase “entire Board or the entire Board of Directors” herein refers to the total number of directors which the Corporation would have if there were no vacancies.

- (b) Directors may be reimbursed or paid in advance their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 3. Quorum and Manner of Voting. Except as otherwise provided by law, a majority of the Board of Directors then in office shall constitute a quorum. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting from time to time to another time and place without notice. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors so long as such act is consistent with the terms of the Certificate of Incorporation.

SECTION 4. Places of Meetings. Meetings of the Board of Directors may be held at any place within or without the State of Delaware, as may from time to time be fixed by resolution of the Board of Directors, or as may be specified in the notice of meeting.

SECTION 5. Annual Meeting. Following the annual meeting of stockholders, the newly elected Board of Directors shall meet for the purpose of the election of officers and the transaction of such other business as may properly come before the meeting. Such meeting may be held without notice immediately after the annual meeting of stockholders at the same place at which such stockholders' meeting is held.

SECTION 6. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall from time to time by resolution determine. Notice need not be given of regular meetings of the Board of Directors held at times and places fixed by resolution of the Board of Directors.

SECTION 7. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairperson of the Board, Chief Executive Officer, President or by a majority of the directors then in office.

SECTION 8. Notice of Meetings. A notice of the place, date and time and the purpose or purposes of each meeting of the Board of Directors shall be given to each director (a) by mailing the same at least three days before the special meeting, or (b) by telephoning or emailing the same or by delivering the same personally not later than the day before the day of the meeting.

SECTION 9. Organization. At all meetings of the Board of Directors, the Chairperson, if any, or if none or in the Chairperson's absence or inability to act, the President, or in the President's absence or inability to act any Vice President who is a member of the Board of Directors, or in such Vice President's absence or inability to act as chairperson chosen by the directors, shall preside. The Secretary of the Corporation shall act as secretary at all meetings of the Board of Directors when present, and, in the Secretary's absence, the presiding person may appoint any person to act as secretary of the meeting.

SECTION 10. Resignation. Any director may resign at any time upon written notice to the Corporation and such resignation shall take effect upon receipt thereof by the President or Secretary, unless otherwise specified in the letter of resignation.

SECTION 11. Attendance by Telephone. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or of any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone, video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 12. Action by Written Consent. Except as otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the directors consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

## ARTICLE IV

### Committees

SECTION 1. Appointment; Limitations. From time to time the Board of Directors by a resolution adopted by a majority of the entire Board may appoint any committee or committees for any purpose or purposes, to the extent lawful, which shall have powers as shall be determined and specified by the Board of Directors in the resolution of appointment. No Committee of the Board shall take any action to amend the Certificate of Incorporation or these Bylaws, adopt any agreement to merge or consolidate the Corporation, declare any dividend or recommend to the stockholders a sale, lease or exchange of all or substantially all of the assets and property of the Corporation, a dissolution of the Corporation or a revocation of a dissolution of the Corporation. No Committee of the Board shall take any action which is required in these Bylaws, in the Certificate of Incorporation or by statute to be taken by a vote of a specified proportion of the entire Board of Directors.

SECTION 2. Procedures, Quorum and Manner of Acting. Each committee shall fix its own rules of procedure, and shall meet where and as provided by such rules or by resolution of the Board of Directors. Except as otherwise provided by law, the presence of a majority of the then appointed members of a committee shall constitute a quorum for the transaction of business by that committee, and in every case where a quorum is present the affirmative vote of a majority of the members of the committee present shall be the act of the committee. Each committee shall keep minutes of its proceedings, and actions taken by a committee shall be reported to the Board of Directors.

SECTION 3. Action by Written Consent. Except as otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any meeting of any committee may be taken without a meeting if all the members of such committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of such committee.

SECTION 4. Term; Termination. In the event any person shall cease to be a director of the Corporation, such person shall simultaneously therewith cease to be a member of any committee appointed by the Board of Directors.

## ARTICLE V

### Officers

SECTION 1. Election and Qualifications. The Board of Directors shall elect the officers of the Corporation, which shall include a Chief Executive Officer, President, Secretary and a Treasurer and may include, by election or appointment, one or more Vice Presidents (any one or more of whom may be given an additional designation of rank or function) and such Assistant Treasurers, such Assistant Secretaries and such other officers as the Board may from time to time deem proper. Each officer shall have such powers and duties as may be prescribed by these Bylaws and as may be assigned by the Board of Directors or the Chief Executive Officer. Any two or more offices may be held by the same person unless specifically prohibited therefrom by law.

SECTION 2. Term of Office and Remuneration. The term of office of all officers shall be one year and until their respective successors have been elected and qualified, but any officer may be removed from office, either with or without cause, at any time by the Board of Directors. Any vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors. The remuneration of all officers of the Corporation may be fixed by the Board of Directors or in such manner as the Board of Directors shall provide.

SECTION 3. Resignation; Removal. Any officer may resign at any time upon written notice to the Corporation and such resignation shall take effect upon receipt thereof by the President or Secretary, unless otherwise specified in the resignation. Any officer shall be subject to removal, with or without cause, at any time by vote of a majority of the entire Board of Directors, and any officer appointed by an executive officer or by a committee may be removed either with or without cause by the officer or committee who appointed him or her or by the Chief Executive Officer or President.

SECTION 4. Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation, and shall have such duties as customarily pertain to that office. The Chief Executive Officer shall have general management and supervision of the property, business and affairs of the Corporation and over its other officers; may appoint and remove assistant officers and other agents and employees, other than officers referred to in Section 1 of this Article V; may execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and instruments; and shall have such other powers and authority as from time to time may be assigned by the Board of Directors.

SECTION 5. President. The President shall have such duties as customarily pertain to that office. The President shall have general management and supervision of the property, business and affairs of the Corporation and over its other officers; may appoint and remove assistant officers and other agents and employees, other than officers referred to in Section 1 of this Article V; may execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and instruments; and shall have such other powers and authority as from time to time may be assigned by the Board of Directors.

SECTION 6. Vice President. A Vice President may execute and deliver in the name of the Corporation contracts and other obligations and instruments pertaining to the regular course of the duties of said office, and shall have such other authority as from time to time may be assigned by the Board of Directors, the Chief Executive Officer or the President (if the positions of Chief Executive Officer and President are held by two different persons).

SECTION 7. Treasurer. The Treasurer shall in general have all duties incident to the position of Treasurer and such other duties as may be assigned by the Board of Directors, the Chief Executive Officer or the President (if the positions of Chief Executive Officer and President are held by two different persons).

SECTION 8. Secretary. The Secretary shall in general have all the duties incident to the office of Secretary and such other duties as may be assigned by the Board of Directors, the Chief Executive Officer or the President (if the positions of Chief Executive Officer and President are held by two different persons).

SECTION 9. Assistant Officers. Any assistant officer shall have such powers and duties of the officer such assistant officer assists as such officer or the Board of Directors or the Chief Executive Officer or the President (if the positions of Chief Executive Officer and President are held by two different persons) shall from time to time prescribe.

SECTION 10. Other Officers. The Chief Executive Officer, the President (if the positions of Chief Executive Officer and President are held by two different persons), or Board of Directors may appoint other officers and agents for any group, division or department into which this Corporation may be divided by the Board of Directors, with titles as the Chief Executive Officer, President or Board of Directors may from time to time deem appropriate. All such officers and agents shall receive such compensation, have such tenure and exercise such authority as the Chief Executive Officer, President or Board of Directors may specify. All appointments made by the Chief Executive Officer or President hereunder and all the terms and conditions thereof must be reported to the Board of Directors.

## ARTICLE VI

### Indemnification of Directors, Officers and Others

SECTION 1. Indemnification of Directors, Officer and Others. Each person who is or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person is or was a director or officer of the Corporation or, while serving as such director or officer, is or was serving at the request of the Corporation as a director, officer, employee or agent of, or in any other fiduciary capacity of or for, another corporation or of a partnership, joint venture, trust or other enterprise, including, without limitation, service with respect to employee benefit plans (any such entity, an "Other Entity"), shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law (the "DGCL"), as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by such person in connection therewith if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation and with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful, and such indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such person's heirs, executors and administrators; provided, however, that, the Corporation, except as provided for in Article VI, Section 6, shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The Corporation may enter into agreements with any such person for the purpose of providing for such indemnification consistent with this Section 1 of Article VI. Nothing herein shall be deemed to abrogate any provision of the LLC Agreement (as defined in the Certificate of Incorporation) and to the extent of any inconsistency, the LLC Agreement shall govern.

SECTION 2. Advancement of Expenses. The Corporation shall, from time to time, advance to any current or former director or officer the funds necessary for payment of expenses (including attorney's fees and disbursements) actually and reasonably incurred by such person in investigating, responding to, defending or testifying in any threatened, pending or completed action,

suit or proceeding, whether civil, criminal, administrative or investigative in nature, to which such person becomes or is threatened to be made a party by reason of the fact that such person is or was, or is alleged to have been, a director or officer of the Corporation, or is or was, or is alleged to have been, serving at the request of the Corporation as a director, officer, employee or agent of or in any other fiduciary capacity of or for, any Other Entity; provided, however, that the Corporation may pay such expenses in advance of the final disposition of such action, suit or proceeding only upon receipt of an undertaking, if such undertaking is required by the DGCL, by or on behalf of such person to repay such amount if it shall ultimately be determined by final judicial decision that such person is not entitled to be indemnified by the Corporation against such expenses. Expenses may be similarly advanced to persons who are and were not directors or officers of the Corporation in respect of their service to the Corporation or to any Other Entity at the request of the Corporation to the extent the Board of Directors at any time determines that such persons should be so entitled to advancement of such expenses, and the Corporation may enter into agreements with such persons for the purpose of providing such advances. Nothing herein shall be deemed to abrogate any provision of the LLC Agreement and to the extent of any inconsistency, the LLC Agreement shall govern.

SECTION 3. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

SECTION 4. Preservation of Other Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article VI shall not be exclusive of, and the Corporation is authorized to honor or provide, any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, which other right may provide indemnification and advancement in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL, subject only to limits created by applicable Delaware law (statutory or non-statutory) with respect to actions for breach of duty to the Corporation, its stockholders and others and to the provisions of the LLC Agreement with respect to breaches of the LLC Agreement.

SECTION 5. Survival.

- (a) The rights to indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such person's heirs, executors and administrators.
- (b) The provisions of this Article VI shall be a contract between the Corporation, on the one hand, and each person who was a director and officer at any time while this Article VI is in effect and any other person indemnified hereunder, on the other hand, pursuant to which the Corporation and each such person intend to be legally bound. Any repeal or modification of the provisions of this Article VI shall not adversely affect any right or protection of any director, officer, employee or agent of the Corporation existing at the time of such repeal or modification, regardless of whether a claim arising out of such action, omission or state of facts is asserted before or after such repeal or amendment.

SECTION 6. Enforceability of Right to Indemnification. The rights to indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall be enforceable by any person entitled to such indemnification or advancement of expenses in any court of competent jurisdiction. If a claim under Sections 1 and 2 of this Article VI is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. The burden of proving that such indemnification or advancement of expenses is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that such indemnification or advancement of expenses is proper in the circumstances nor an actual determination by the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) that such person is not entitled to such indemnification or advancement of expenses shall constitute a defense to the action or create a presumption that such person is not so entitled. Such a person shall also be indemnified by the Corporation against any expenses reasonably incurred in connection with successfully establishing his or her right to such indemnification or advancement of expenses, in whole or in part.

## ARTICLE VII

### Books and Records

SECTION 1. Location. The books and records of the Corporation may be kept at such place or places within or outside the State of Delaware as the Board of Directors or the respective officers in charge thereof may from time to time determine. The record books containing the names and addresses of all stockholders, the number and class of shares of stock held by each and the dates when they respectively became the owners of record thereof shall be kept by the Secretary as prescribed in the Bylaws and by such officer or agent as shall be designated by the Board of Directors.

SECTION 2. Addresses of Stockholders. Notices of meetings and all other corporate notices may be delivered by electronic means, personally or mailed to each stockholder at the stockholder's address as it appears on the records of the Corporation.

### SECTION 3. Fixing Date for Determination of Stockholders of Record.

- (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.
- (b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

## ARTICLE VIII

### Capital Stock

SECTION 1. Certificates; Signatures; Rules and Regulations. There may be issued to each holder of fully paid shares of capital stock of the Corporation a certificate or certificates for such shares; however, the Corporation may issue uncertificated shares of its capital stock. Every holder of capital stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate, signed by or in the name of the Corporation by the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form. Any and all signatures on any such certificate may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The name of the holder of record of the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation. The Board of Directors may appoint one or more transfer agents for the Corporation's capital stock and may make, or authorize such agent or agents to make, all such rules and regulations as are expedient governing the issue, transfer and registration of shares of the capital stock of the Corporation and any certificates representing such shares.

SECTION 2. Transfers of Stock. The capital stock of the Corporation shall be transferred only upon the books of the Corporation either (a) if such shares are certificated, by the surrender to the Corporation or its transfer agent of the old stock certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, or (b) if such shares are uncertificated, upon proper instructions from the holder thereof or such holder's attorney lawfully constituted in writing, in each case with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. Prior to due presentment for registration of transfer of a security (whether certificated

or uncertificated), the Corporation shall treat the registered owner of such security as the person exclusively entitled to vote, receive notifications and dividends, and otherwise to exercise all the rights and powers of such security.

SECTION 3. Fractional Shares. The Corporation may, but shall not be required to, issue certificates for fractions of a share where necessary to effect authorized transactions, or the Corporation may pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the Corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a stockholder except as therein provided.

SECTION 4. Lost, Stolen or Destroyed Certificates. The Corporation may issue a new certificate of stock in place of any certificate, theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require the owner of any lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify, or otherwise indemnify, the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

## ARTICLE IX

### Dividends

Subject always to the provisions of law and the Certificate of Incorporation, the Board of Directors shall have full power to determine whether any, and, if any, what part of any, funds legally available for the payment of dividends shall be declared as dividends and paid to stockholders; the division of the whole or any part of such funds of the Corporation shall rest wholly within the lawful discretion of the Board of Directors, and it shall not be required at any time, against such discretion, to divide or pay any part of such funds among or to the stockholders as dividends or otherwise; and before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

## ARTICLE X

### Ratification

Any transaction, questioned in any lawsuit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, non-disclosure, miscomputation, or the application of improper principles or practices of accounting, may be ratified before or after judgment, by the Board of Directors or by the stockholders, and if so ratified shall have the same force and effect as if the questioned transaction had been originally duly authorized. Such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

## ARTICLE XI

### Corporate Seal

In the event that the Corporation maintains a corporate seal, such corporate seal shall have inscribed thereon the name of the Corporation and the year of its incorporation, and shall be in such form and contain such other words and/or figures as the Board of Directors shall determine. The corporate seal may be used by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed, upon any paper or document, by any process whatsoever, an impression, facsimile or other reproduction of said corporate seal.

## ARTICLE XII

### Fiscal Year

The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors. Unless otherwise fixed by the Board of Directors, the fiscal year of the Corporation shall be the calendar year.

## ARTICLE XIII

### Waiver of Notice

Whenever notice is required to be given by these Bylaws or by the Certificate of Incorporation or by law, a written waiver thereof, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

## ARTICLE XIV

### Bank Accounts, Drafts, Contracts, Etc.

SECTION 1. Bank Accounts and Drafts. In addition to such bank accounts as may be authorized by the Board of Directors, the primary financial officer or any person designated by said primary financial officer, whether or not an employee of the Corporation, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as he or she may deem necessary or appropriate, payments from such bank accounts to be made upon and according to the check of the Corporation in accordance with the written instructions of said primary financial officer, or other person so designated by such primary financial officer.

SECTION 2. Contracts. The Board of Directors may authorize any person or persons, in the name and on behalf of the Corporation, to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

SECTION 3. Proxies; Powers of Attorney; Other Instruments. The Chairperson, Chief Executive Officer, the President or any other person designated by either of them shall have the power and authority to execute and deliver proxies, powers of attorney and other instruments on behalf of the Corporation in connection with the rights and powers incident to the ownership of stock by the Corporation. The Chairperson, the President or any other person authorized by proxy or power of attorney executed and delivered by either of them on behalf of the Corporation may attend and vote at any meeting of stockholders of any company in which the Corporation may hold stock, and may exercise on behalf of the Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, or otherwise as specified in the proxy or power of attorney so authorizing any such person. The Board of Directors, from time to time, may confer like powers upon any other person.

SECTION 4. Financial Reports. The Board of Directors may appoint the primary financial officer or other fiscal officer or any other officer to cause to be prepared and furnished to stockholders entitled thereto any special financial notice and/or financial statement, as the case may be, which may be required by any provision of law.

## ARTICLE XV

### Amendments

In furtherance and not in limitation of the powers conferred by law, subject to any limitations contained elsewhere in the Certificate of Incorporation or these Bylaws, these Bylaws may be adopted, amended or repealed by a majority of the Board of Directors of the Corporation, but any Bylaws adopted by the Board of Directors may be amended or repealed by the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of Common Stock; provided, however, that no provision of the Bylaws may be adopted, amended or repealed which shall interpret or qualify, or impair or impede the implementation of any provision of the Certificate of Incorporation or which is otherwise inconsistent with the provisions of the Certificate of Incorporation. Any inconsistency between these Bylaws and the Certificate of Incorporation shall be construed in favor of the Certificate of Incorporation; provided, further that no provision of Article III or Section 1 of Article IV of these Bylaws that adversely affects the Class B Directors may be adopted without the consent of the Class B Directors.

ARTICLE XVI

Forum for Adjudication of Disputes

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

ARTICLE XVII

Miscellaneous

When used in these Bylaws and when permitted by applicable law, the terms "written" and "in writing" shall include any "electronic transmission," as defined in Section 232(c) of the DGCL, including without limitation any telegram, cablegram, facsimile transmission and communication by electronic mail, and "address" shall include the recipient's electronic address for such purposes.

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

I, Charles D. Drucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vantiv, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

April 26, 2017

/s/ CHARLES D. DRUCKER

Charles D. Drucker

President and Chief Executive Officer

**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 quarterly report on Form 10-Q of Vantiv, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

April 26, 2017

/s/ STEPHANIE L. FERRIS

Stephanie L. Ferris

Chief Financial Officer

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

In connection with the Quarterly Report of Vantiv, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2017 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.

April 26, 2017

/s/ CHARLES D. DRUCKER

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Charles D. Drucker

President and Chief Executive Officer

April 26, 2017

/s/ STEPHANIE L. FERRIS

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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.]

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