Wright Express CORP
Form 424B1
February 16, 2005
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Filed pursuant to Rule 424(b)(1)
Registration No. 333-120679

Prospectus

40,000,000 shares

Common stock

This is an initial public offering of shares of common stock of Wright Express Corporation. Cendant Corporation, the sole stockholder of Wright Express, is offering 40,000,000 shares and is selling its entire ownership interest in Wright Express in connection with this offering. Wright Express will not receive any proceeds from the sale of the shares being offered hereby, unless the underwriters exercise their option to purchase additional shares. Prior to this offering, there has been no public market for the common stock. The initial public offering price is $18.00.

The common stock has been approved for listing on the New York Stock Exchange under the symbol WXS.

	Per share	**Total**
Initial public offering price	$ 18.00	$ 720,000,000
Underwriting discounts and commissions	$ 0.90	$ 36,000,000
Proceeds, before expenses, to Cendant	$ 17.10	$ 684,000,000

Wright Express has granted the underwriters an option for a period of 30 days to purchase up to 6,000,000 additional shares of common stock to cover any over-allotments.

Investing in our common stock involves a high degree of risk. See Risk factors beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

JPMorgan **Credit Suisse First Boston** **Merrill Lynch & Co.**

Banc of America Securities LLC

Citigroup

Deutsche Bank Securities

Goldman, Sachs & Co.

Lehman Brothers

UBS Investment Bank

Wachovia Securities

February 15, 2005

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Prospectus summary

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including the section entitled Risk factors and our financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless otherwise indicated, the terms Wright Express, the Company, we, us and our refer to Wright Express Corporation together with its subsidiaries as of the date of the closing of this offering.

Wright Express

We are a leading provider of payment processing and information management services to the U.S. commercial and government vehicle fleet industry. We provide fleets using our services with detailed transaction data, analysis tools and purchase control capabilities. We capture transaction data at approximately 180,000 fuel and vehicle maintenance locations, including over 90% of the nation s retail fuel locations and 41,000 vehicle maintenance locations. We market our services directly to businesses and government agencies with vehicle fleets, as well as through 83 strategic relationships with fleet management companies, automotive manufacturers, fuel retailers and other companies.

We collect a broad array of transaction information at the point of sale, including the amount of the expenditure, the identification of the driver and vehicle, the odometer reading, the identity of the fuel or vehicle maintenance provider and the items purchased. This data is captured through our network, which consists of fuel and maintenance locations utilizing our proprietary software. Our network is one of the largest of its kind, and we refer to it as a closed network because it is only accessible through the use of our fleet charge cards. Data collected through our network, together with our purchase controls, allows us to provide fleets with comprehensive information and analysis tools to effectively manage their vehicle fleets and control costs.

We maintain long-standing relationships with our customers and strategic relationships whose ongoing fuel requirements provide us with a recurring transaction base upon which we continue to grow our business. We currently process transactions for over 280,000 commercial and government vehicle fleets with approximately 3.9 million vehicles. During the five-year period ended December 31, 2004, the number of transactions we processed for fleets grew at a compound annual rate of 13% to 205.8 million, while the aggregate dollar value of those transactions grew at a compound annual rate of 24% to $7.4 billion.

Our revenues are primarily affected by the number and dollar value of the transactions we process through our network. Depending on the nature of the products and services we provide to fleets, we earn payment processing revenue, transaction processing revenue and account servicing revenue.

Payment processing revenue is generated from transactions in which we process and make payments to fuel or maintenance providers on behalf of fleets. A majority of payment processing revenue is based on a percentage of the aggregate dollar amount of purchases made by fleet customers at fuel and vehicle maintenance locations on our

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network. We typically collect the total purchase price from the fleet within one month of the billing date.

Transaction processing revenue is typically generated from fixed fees we charge to some of our strategic relationships for each transaction we process and for which we generally do not make payment to fuel and maintenance providers on behalf of fleets.

Account servicing revenue is generated from recurring monthly account servicing fees paid by fleet customers and strategic relationships and is based on the number of vehicles for which we provide services.

In 2004, our revenues and net income were $189.1 million and $51.2 million, respectively, which represent five-year compound annual growth rates of 21% and 61%, respectively.

We market our payment processing and information management services across multiple channels by utilizing both our own sales force and the sales forces of companies with which we have strategic relationships. The table below sets forth, as of December 31, 2004, information about the fleets and vehicles we service by marketing channel:

Channel	**Description**	**Number of fleets**	**Number of vehicles (in millions)**	**Select customers and strategic relationships**
Direct	Services branded with the Wright Express name	62,000	1.4	Con-way Transportation Services, Inc., Pepsi-Cola Metropolitan Bottling Company, Inc., United Parcel Service of America, Inc. and 18 fleets operated by state governments
Co-branded	Services marketed for and in collaboration with 27 fleet management companies and automotive manufacturers Uses both the brand names of the strategic relationship and Wright Express	25,000	1.1	8 of the 10 largest domestic fleet management companies, which collectively manage over 2.5 million vehicles
Private label	Services marketed for and in collaboration with 24 fuel retailers Uses only the brand name of the strategic relationship	183,000	1.3	2 of the largest North American oil companies as well as Amerada Hess Corporation, Gulf Oil Limited Partnership, QuikTrip Corporation and Sheetz, Inc.

We also offer a corporate MasterCard charge card product, primarily to businesses outside of the fleet vehicle industry. In 2004, we processed $717.4 million of corporate MasterCard purchase volume. Over the three-year period ended December 31, 2004, the aggregate purchase volume of our MasterCard product grew at a compound annual rate of 32%. Our MasterCard business customers generally pay their balance within one month from the billing date.

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Competitive strengths

We believe the following competitive strengths distinguish us in our industry:

- leading industry position;
- broad go-to-market approach across our marketing channels;
- proprietary closed network of approximately 180,000 fuel and vehicle maintenance locations;
- comprehensive information services, purchase controls and technology capabilities;
- highly scalable business model;
- superior customer service; and
- experienced senior management team.

Our growth strategies

We intend to pursue the following growth strategies:

Enhance our leadership position. We plan to enhance our industry position as a leading provider of payment processing and information management services to commercial and government fleets in the United States by continuing to deliver superior services to our customers and by continuing to establish new strategic relationships.

Increase our penetration of the small fleet category. We plan to increase our penetration into the small fleet category, which is comprised of fleets with fewer than 25 vehicles. We believe the small fleet category is large and under-penetrated by payment processing and information management services similar to ours. We plan to target small fleets through our affiliations with local fuel distributors.

Expand our product and service offerings. We believe there are significant opportunities for us to expand our product and service offerings by:

- expanding the Wright Express Service Network, which is the vehicle maintenance portion of our proprietary closed network;

- further penetrating heavy truck fleets;

- adding additional fueling sites, such as truckstops and private locations, as well as mobile fueling; and

- expanding internationally.

Utilize our technology to continue to improve our information management services and reporting capabilities. We have invested, and will continue to invest, in updating our technology infrastructure in order to:

- enhance our ability to capture additional data and enable fleets to have more control over purchases at the point of sale;

increase the speed and the degree of customization of the reporting we provide to our customers; and

increase the scalability of our technology platform to help us better address the different data needs of customers and strategic relationships and to provide our services internationally.

Broaden our MasterCard product. We believe we can offer a differentiated charge card product to businesses in other industries that can utilize our information management services. In addition, we consider our corporate MasterCard charge card to be a beneficial supplement to our core product offering for fleets that need to make non-vehicle related purchases. We also plan to expand our MasterCard charge card product to increase our transaction processing volume in areas such as commercial travel and entertainment and purchasing.

Our liquidity sources

We fund our operating requirements primarily through cash flow generated from our operations and the issuance of certificates of deposit, money market accounts, customer deposits and borrowed federal funds through our bank subsidiary. As discussed below in Concurrent transaction, concurrently with the closing of this offering, we intend to enter into a new revolving credit facility that will provide for borrowings of up to $130.0 million, of which we expect $50.0 million will be borrowed at closing to fund a portion of a special dividend that we intend to pay to Cendant in connection with this offering and $33.8 million will be used to support letters of credit.

Concurrent transaction

Concurrently with the closing of this offering, we intend to enter into a new credit agreement with a syndicate of financial institutions, including affiliates of certain underwriters of this offering, consisting of a five-year $220.0 million term loan and a five-year revolving credit facility that will provide for borrowings of up to $130.0 million. The term loan and the revolving credit facility will bear interest at floating rates tied to either the Prime Rate or LIBOR. We expect to use all of the net proceeds from the term loan and approximately $50.0 million of borrowings under our revolving credit facility to fund part of the cash portion of the special dividend to be paid to Cendant. The new credit agreement will contain restrictions on our operating flexibility and our ability to pay dividends to our stockholders. The closing of this offering and the entry into the new credit agreement are mutually conditioned upon one another.

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Risk factors

An investment in our common stock is subject to a number of risks and uncertainties. Before investing in our common stock, you should carefully consider the following, as well as the more detailed discussion of risk factors and other information included in this prospectus:

the majority of our revenues and net income directly correlates to the dollar amount of fuel purchased by our customers, and, as a result, volatility in fuel prices could have an adverse effect on our results of operations;

derivative transactions may not adequately protect us from an extended decline in gasoline prices and may cause volatility in our net income;

we face significant competition and pricing pressure from existing competitors in our industry and may face increased competition from large financial institutions and major oil companies;

since we will have variable-rate indebtedness under our new credit agreement and we finance customer transactions with operating debt, rising interest rates would reduce our net income;

as an independent public company, we will incur increased costs;

we will rely on Cendant to provide transitional services to us and may not be able to replace those services at the same cost;

we may incur significant liability to Cendant pursuant to the indemnification provisions of the transitional agreement; and

prior to the completion of this offering, we will declare a special dividend to Cendant in an amount of $305.9 million. The cash portion of the special dividend will be funded from borrowings under our new credit agreement and excess cash on hand at the time of the special dividend. The special dividend will benefit only Cendant and not you as a stockholder following this offering.

Relationship with Cendant

Wright Express, which began operations in 1983, was acquired in February 1996 by an entity that subsequently merged with HFS Incorporated to form Cendant in December 1997. In June 1999, Wright Express was sold to Avis Group Holdings, Inc., which was

acquired by Cendant in March 2001. Between June 1999 and March 2001, Cendant beneficially owned approximately 20% of Avis s common stock and was Avis s largest stockholder. Accordingly, Cendant has played a significant role in the management and growth of Wright Express since 1997. See Business Our history.

Cendant is selling its entire ownership interest in us in connection with this offering. We will not receive any proceeds from this offering unless the underwriters option to purchase additional shares is exercised. Cendant will receive approximately $1.0 billion in connection with the disposition of its ownership interest in us. This amount primarily consists of $684.0 million in net

proceeds from the sale of shares of common stock offered by Cendant in this offering and a special dividend to Cendant of approximately $305.9 million. The special dividend, which will be declared prior to the completion of this offering, will consist of a cash and a non-cash portion. The cash portion of the special dividend will be funded through borrowings of $270.0 million under a new credit agreement that we intend to enter into concurrently with the closing of this offering, and approximately $10.8 million of excess cash on hand at the time of the special dividend. The $25.1 million non-cash portion of the special dividend relates to the cancellation of the entire balance of a net receivable from Cendant.

Concurrently with the closing of this offering, we will enter into a transitional agreement with Cendant to provide for an orderly transition to being an independent public company and to govern continuing business arrangements between us and Cendant. Under the transitional agreement, Cendant will agree to provide us with various services that are important to our business.

These services will include, among others:

- human resources, employee benefits and payroll;
- internal audit services; and
- telecommunications and information technology.

We estimate that we will incur costs of approximately $0.6 million for transitional services for the first 12-month period following the closing of this offering. These costs are comparable to the costs we have incurred for similar services provided by Cendant prior to this offering. The transitional agreement will also provide that we will indemnify Cendant and its affiliates for potential losses related to the operation of our business prior to this offering and for other matters.

We expect to enter into a tax receivable agreement with Cendant in connection with this offering and related transactions. We expect that, as a result of these transactions, future income taxes that we might otherwise be required to pay to various tax authorities will be reduced as a result of an increase in the tax basis of our tangible and intangible assets. Pursuant to the tax receivable agreement, we will be required to pay to Cendant 85% of the amounts by which our income taxes are actually reduced, subject to repayment provisions if it is determined that these tax savings should not have been available to us. While the actual amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, such payments could be substantial. See Certain relationships and related-party transactions Tax receivable agreement.

Corporate information

Throughout this prospectus, we refer to Wright Express Corporation, which will be a Delaware corporation, as the Issuer. Wright Express LLC is a wholly owned subsidiary of Cendant and currently owns and manages all of the operations described in this prospectus. Wright Express LLC began operations in 1983 as a Maine corporation and was acquired in February 1996 by an

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entity that subsequently merged with HFS Incorporated to form Cendant in December 1997. In June 1999, Wright Express was sold to Avis Group Holdings, Inc., which was acquired by Cendant in March 2001.

On January 19, 2005, the assets of Wright Express Solutions and Technologies, LLC were transferred to Wright Express LLC. Prior to the completion of this offering, Wright Express LLC will be converted from a Delaware limited liability company to a Delaware corporation and will change its name to Wright Express Corporation. All of the outstanding membership interests of Wright Express LLC will be converted into 40,000,000 shares of common stock and 100 shares of non-voting convertible preferred stock, with an aggregate liquidation preference of $10.0 million and a dividend preference based on a floating rate equal to the three-month LIBOR plus 150 basis points.

Our principal executive offices are located at 97 Darling Avenue, South Portland, Maine 04106. Our Internet website address is http://www.wrightexpress.com. Information accessible on our website is not, and should not be considered, part of this prospectus.

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The offering

Common stock offered by Cendant	40,000,000 shares
Common stock to be outstanding following the offering	40,269,000 shares (or 46,269,000 shares if the underwriters exercise their option to purchase additional shares in full). Amounts include an estimated 269,000 shares of common stock expected to be issued under our 2005 Equity and Incentive Plan to our executive officers and employees following this offering in exchange for Cendant securities they currently hold.
Use of proceeds	We will not receive any proceeds from the sale of shares of common stock offered by Cendant. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us from the sale of the additional shares of common stock will be $102.6 million. We expect to use any net proceeds from the exercise of the underwriters option for general corporate purposes, which may include repayment of borrowings under our new revolving credit facility and share repurchases.
Risk factors	See Risk factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Dividend policy	We have no present intention to pay regular dividends on our common stock.
Stock exchange listing	Our common stock has been approved for listing on the New York Stock Exchange under the symbol WXS.

Unless otherwise indicated, information throughout this prospectus excludes:

The exercise by the underwriters of their option to purchase additional shares of our common stock. If the underwriters exercise their option to purchase additional shares in full, we will issue an additional 6,000,000 shares of common stock;

444,000 shares of common stock issuable at any time following the five-year anniversary of the date of issuance upon conversion of 100 shares of Series A non-voting convertible preferred stock that will be outstanding following completion of this offering; and

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Approximately 3,950,000 shares of common stock (or approximately 10% of the shares of common stock outstanding after this offering) consisting of:

approximately 347,000 shares of common stock underlying restricted stock units to be granted on the date of pricing of this offering under our 2005 Equity and Incentive Plan;

approximately 540,000 shares of common stock issuable upon the exercise of vested employee stock options that will be issued upon completion of this offering under our 2005 Equity and Incentive Plan in exchange for vested and unvested Cendant stock options currently held by our executive officers and employees, at a weighted average exercise price of $14.10 per share; and

approximately 3,063,000 additional shares of common stock reserved for future grants under our 2005 Equity and Incentive Plan, our 401(k) plan, our officer deferred compensation plan and our employee stock purchase plan.

Throughout this prospectus, share numbers and stock option amounts to be issued in exchange for Cendant restricted stock units and stock options are based on the initial public offering price set forth on the cover page of this prospectus and the average closing price of Cendant s common stock over a recent three trading day period. The actual amounts will change based on our stock price and Cendant s stock price for the three trading days following the date of this prospectus.

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Summary combined financial information

The following tables contain summary combined financial data for Wright Express LLC and Wright Express Solutions and Technologies, LLC. On January 19, 2005, the assets of Wright Express Solutions and Technologies, LLC were transferred to Wright Express LLC. You should read the summary combined financial data set forth below in conjunction with Management s discussion and analysis of financial condition and results of operations and the financial statements and the related notes included elsewhere in this prospectus. We derived the financial data as of and for the years ended December 31, 2004, 2003 and 2002 from our audited financial statements included elsewhere in this prospectus.

The following tables also contain summary pro forma as adjusted financial data. The summary pro forma as adjusted combined statement of income data for the year ended December 31, 2004 and the summary combined balance sheet data as of December 31, 2004 are unaudited and have been derived from the historical combined financial statements of Wright Express LLC and Wright Express Solutions and Technologies, LLC adjusted to give effect to the following:

the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation to be renamed Wright Express Corporation;

the special dividend to Cendant;

borrowings under our new credit agreement to fund a portion of the special dividend;

incremental public company costs and differences in costs resulting from our separation from Cendant and related transactions; and

a tax receivable agreement into which we will enter with Cendant.

For more information, see our unaudited pro forma combined financial statements and the accompanying notes included elsewhere in this prospectus.

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(in thousands, except per share, per gallon and per transaction data)	2004 Pro forma as adjusted	2004 Actual	Year ended December 31, 2003	2002
Income statement data				
Revenues:				
Payment processing revenue	$ 129,987	$ 129,987	$ 105,263	$ 83,730
Transaction processing revenue	18,113	18,113	16,490	11,945
Account servicing revenue	21,167	21,167	19,118	18,039
Finance fees	9,603	9,603	7,650	5,466
Other	10,230	10,230	8,418	7,421
Total revenues	189,100	189,100	156,939	126,601
Expenses:				
Salary and other personnel	52,371	49,420	47,205	42,058
Service fees	13,418	9,534	9,661	5,092
Provision for credit losses	8,131	8,131	9,431	4,977
Depreciation and amortization	7,376	7,376	7,284	8,075
Operating interest expense	6,105	5,625	4,208	4,835
Operating interest income		(3,197)	(1,393)	(763)
Financing interest expense	10,726			
Other	27,079	28,051	23,609	22,204
Total expenses	125,206	104,940	100,005	86,478
Income before income taxes	63,894	84,160	56,934	40,123
Provision for income taxes	25,130	32,941	22,294	15,702
Net income	$ 38,764	$ 51,219	$ 34,640	$ 24,421
Pro forma earnings per share data				
Earnings per share of common stock(1)	$ 0.97	$ 1.28	$ 0.87	$ 0.61
Weighted average shares of common stock outstanding(1)	40,000	40,000	40,000	40,000
Other operating data				
Number of transactions processed:				
Payment processing transactions		145,597	133,206	119,215
Transaction processing transactions		60,176	55,866	54,673
Total transactions processed		205,773	189,072	173,888
Average expenditure per payment processing transaction		$ 36.07	$ 29.98	$ 25.88
Average price per gallon		$ 1.84	$ 1.55	$ 1.35
Average number of vehicles serviced		3,745	3,403	3,217
Total MasterCard purchase volume(2)		$ 717,366	$ 570,928	$ 375,165

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(in thousands)	As of December 31, 2004 Pro forma as adjusted	Actual	As of December 31, 2003
Selected balance sheet data			
Cash and cash equivalents	$ 27,431	$ 31,806	$ 22,134
Accounts receivable, net	447,169	447,169	302,317
Total assets	1,208,895	812,689	583,610
Accounts payable	197,647	197,647	125,666
Deposits and borrowed federal funds	221,457	221,457	115,784
Revolving credit facility	50,000		
Term loan	220,000		
Series A non-voting convertible preferred stock[3]	10,000		
Member s/stockholders equity	41,092	284,250	258,332

(1) Earnings per share of common stock and the weighted average shares of common stock outstanding reflect the number of shares of common stock we expect to have outstanding upon the completion of this offering. The dilutive effect of existing awards related to Cendant common stock to be converted into equity awards related to our common stock in connection with this offering has not been reflected in either earnings per share of common stock or the weighted average shares of common stock outstanding as such amounts are not determinable until completion of this offering.

(2) Total MasterCard purchase volume reflects the aggregate dollar value of MasterCard purchase transactions processed by us on behalf of our customers.

(3) The Series A non-voting convertible preferred stock has been classified outside of stockholders equity because it is subject to redemption at the option of the holder five and one-half years from the date of issuance and each year thereafter and mandatorily redeemable ten years from the date of issuance. Dividends paid on the Series A non-voting convertible preferred stock will be included on our combined statement of income as financing interest expense.

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Risk factors

You should carefully consider the following risks and all the information set forth in this prospectus before investing in our common stock.

Risks relating to our company

The majority of our revenues and net income directly correlates to the dollar amount of fuel purchased by our customers, and, as a result, volatility in fuel prices could have an adverse effect on our results of operations.

In 2004, approximately 64% of our total revenues was attributable to fees paid to us by fuel and vehicle maintenance providers based on a negotiated percentage of the purchase price paid by our customers. Our customers primarily purchase fuel. Accordingly, our revenues and profitability are largely dependent on fuel prices, which are prone to significant volatility. For example, we estimate that during 2004, a ten cent decline in average fuel prices below average actual prices would have resulted in approximately a $6.0 million decline in 2004 revenue and a $3.2 million decline in 2004 net income. Although we have benefited from historically high fuel prices during 2003 and 2004, a significant decline in the price of fuel in future periods could have a material adverse effect on our results of operations.

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

- supply and demand for oil and gas, and expectations regarding supply and demand;
- actions by the Organization of Petroleum Exporting Countries (OPEC), Russia, Mexico or other major oil producing nations;
- political conditions in other oil-producing and gas-producing countries, including insurgency, terrorism or war;
- refinery capacity;
- weather;
- the prices of foreign exports and the availability of alternate fuel sources;

- general worldwide economic conditions; and
- governmental regulations and tariffs.

Derivatives transactions may not adequately protect us from an extended decline in gasoline prices and may cause volatility in our net income.

Because the majority of our revenues and net income correlate directly to fuel prices, which are prone to significant volatility, in January 2005 we entered into contracts to economically hedge our exposure to the volatility of future fuel prices. These transactions may expose us to the risk of financial loss if for example the counterparties fail to perform under the contracts governing those arrangements, we unwind our position before the expiration of the contract or there is a sudden material change in fuel prices. The success of our derivatives strategy depends upon, among other things, our ability to forecast the amount of fuel purchases by fleets using our services. To the extent our forecasts are inaccurate these derivative contracts may be inadequate

to protect us against significant changes in fuel prices or over-expose us to fuel price volatility. Unrealized gains and losses on these contracts will be recorded each quarter to reflect changes in the market value of the underlying contracts. As a result, our quarterly net income may be prone to significant volatility.

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

We face increased levels of competition in each category of the overall industry from several companies that seek to offer competing capabilities and services. Historically, we have primarily been able to provide customers with a unique spectrum of services and capabilities and, therefore, we have not considered price to be the exclusive or even the primary basis on which we compete. As our competitors have continued to develop their service offerings, it has become increasingly more difficult for us to compete solely on the basis of superior capabilities or service. In some areas of our business, we have been forced to respond to competitive pressures by reducing our fees. For example, over the past few years we have experienced a steady decline in account servicing revenue as a percentage of total revenues. Account servicing revenue is the revenue we earn from establishing and maintaining customer accounts. We have also experienced a small decline in the percentage of the dollar amount that we retain from transactions we process, which percentage we negotiate with fuel and vehicle maintenance providers. If these trends continue and if competition intensifies, our profitability may be adversely impacted.

While we have traditionally offered our services to all categories of the fleet industry, with particular emphasis on mid-sized and large commercial fleets, some of our competitors have successfully garnered significant share in particular categories of the overall industry. For example, we believe U.S. Bank Voyager Fleet Systems, Inc. has the largest share among the government fleet category of the industry and Comdata Corporation has a significant share of the heavy truck category. To the extent that our competitors are regarded as leaders in specific categories, they may have an advantage over us as we attempt to further penetrate these categories.

We also face increased competition from our competitors servicing the fleet industry in our efforts to forge relationships with companies that can afford us access to their fleet customers. This heightened level of competition makes it more difficult for us to enter into new relationships and renew existing relationships on the same terms.

We may face competition from large financial institutions which have not traditionally focused on our business.

Large financial institutions have not traditionally focused on providing fleets with products and services similar to ours, but they may do so in the future. Potential competitors, such as financial institutions that can issue Visa and MasterCard products and American Express credit and charge cards, may have substantially greater financial resources and brand name recognition than we have. Although these companies offer products and services with similar features to ours, they do not currently offer fleets the level of information management, security and purchasing control that we provide through our proprietary closed network. These companies may either develop applications that allow them to offer products with similar features to ours or enter into strategic alliances or other relationships. Large financial institutions may have pre-existing financial and

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other business relationships with companies with which we have strategic relationships. These companies could potentially bundle fleet services similar to those that we offer with a larger array of financial services. If these companies were to focus on providing these services to fleets, we could face significant competition and our ability to maintain and attract customers could be diminished.

Major oil companies may provide service offerings targeted toward their fleet customers, which may compete with our services.

Major oil companies have not traditionally provided universally-accepted transaction processing and information management services specifically tailored to their fleet customers. Rather, oil companies have entered into strategic relationships with us and other companies to provide these services, typically for a fee equal to a small percentage of the dollar amount of purchases or a fixed fee made by the small fleet customer at the oil company s locations. To the extent major oil companies were to develop and promote universally-accepted fleet transaction services similar to ours, they could potentially offer fleets using their transaction services better fuel pricing at their locations than would be available to our customers, which would diminish the attractiveness of our offerings.

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

Revenue we received from services we provided to our top five strategic relationships accounted for approximately 23% of our revenues in 2004. Included in our top five strategic relationships are two of the largest North American oil companies and three of the largest domestic fleet management companies. For our co-branded and private label relationships, the ultimate fleet customer maintains a primary relationship with the fleet management company, automobile manufacturer or fuel retailer with which we have contracted to provide our services. These fleets are often unaware of our role in providing services to them, and we are not in primary control of the relationship with the fleet customer. Accordingly, we are highly dependent on maintaining our strategic relationships and our business and results of operations may be prone to greater volatility and uncertainty than would be the case if we had direct relationships with all of the fleets for which we provided services.

Likewise, we also have agreements with the major oil companies and fuel retailers whose locations accept our payment processing services. Through these agreements, we are able to include their locations in our proprietary closed network. If the termination of any of these agreements reduces the number of locations where our payment processing services are accepted, we could lose our competitive advantage and our business and results of operations could be adversely affected.

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

Our results of operations are dependent on the number of transactions we process and the dollar value of those transactions. We believe that our transaction volume is correlated with general economic conditions in the United States. A downturn in the United States economy is generally characterized by reduced commercial activity and, consequently, reduced purchasing of fuel and other vehicle products and services.

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In addition, demand for fuel and other vehicle products and services may be reduced by other factors that are beyond our control, such as the development by vehicle manufacturers and adoption by our fleet customers of vehicles with greater fuel efficiency or alternative non-liquified fuel sources.

Our ability to remain competitive depends on our rapid implementation of new technology and systems, and our failure to effectively implement new technology could jeopardize our position as a leader in our industry.

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

In March 2005, we intend to transition a large strategic relationship to our new technology platform and we expect to continue to transition our customers and strategic relationships to our new technology platform over time. As we commence widespread implementation of our new technology platform, there is a risk that programming errors, hardware constraints or other problems may occur. Such problems could result in service outages or delays, corruption or loss of important data and/or customer dissatisfaction. We may not be able to implement our new operating systems without encountering problems that could harm our business.

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

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

If we fail to adequately assess and monitor credit risks of our customers, we could experience a significant increase in bad debt expense.

We are subject to the credit risk of a majority of our customers, many of which are small to mid-sized businesses. We use various formulae and models to screen potential customers and establish appropriate credit limits, but these formulae and models cannot eliminate all potential bad credit risks and may not prevent us from approving applications that are fraudulently completed. Increases in average fuel prices can require us to periodically increase credit limits for a significant number of our customers. Moreover, businesses that are good credit risks at the time of application may become bad credit risks over time and we may fail to detect such change. In

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times of economic recession, the number of our customers who default on payments owed to us tends to increase. If we fail to adequately manage our credit risks, our bad debt expense could be significantly higher than it has been in the past.

The loss or suspension of our charter for our Utah industrial bank would be disruptive to our operations and increase costs.

Our bank regulatory status enables us to issue certificates of deposit, accept money market deposits and borrow federal funds. In 2004, average deposits and borrowings by our bank subsidiary were approximately $183.2 million. These funds were used to support our payment processing operations, which require us to make payments to fuel and maintenance providers on behalf of fleets. Our bank subsidiary also enables us to operate under a uniform set of state lending laws. Our bank operations are subject to extensive state and federal regulation. We are currently licensed on the state level by the Utah Department of Financial Institutions and at the federal level by the Federal Deposit Insurance Corporation. Continued licensing and federal deposit insurance are subject to ongoing satisfaction of compliance and safety and soundness requirements. For example, our bank must be well capitalized and satisfy a range of additional capital requirements. If we were to lose our bank charter, we would either outsource our credit support activities or perform these activities through our corporate parent company which would subject us to the credit laws of each individual state in which we conduct business. Any such change would be disruptive to our business and could result in significant incremental costs. Moreover, our bank s ability to pay dividends is subject to regulatory constraints, which may affect our ability to pay dividends to our stockholders. In addition, changes in the bank regulatory environment, including the implementation of new or varying measures or interpretations by the state of Utah or the U.S. federal government, may significantly affect or restrict the manner in which we conduct our business in the future.

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

We collect and store data about our customers and their fleets, including bank account information and spending data. Our customers expect us to keep this information in our confidence. We may experience attempts by experienced programmers or hackers to penetrate our network security. A party who is able to penetrate our network security could misappropriate our proprietary information or cause interruptions in our WEXOnline® web site. We may be required to expend significant capital and other resources to protect against the threat of such security breaches or to alleviate problems caused by such breaches. Moreover, any security breach or inadvertent transmission of information about our customers could expose us to liability and/or litigation and cause damage to our reputation.

In addition, when we fund customer transactions, we typically assume the risk of losses due to unauthorized or fraudulent use of our charge cards, which could be substantial. We do not maintain any insurance to protect us against any such losses.

Since we will have approximately $270.0 million of variable-rate indebtedness under our new credit agreement and we finance customer transactions with deposits and borrowed federal funds, rising interest rates would reduce our net income.

We will have approximately $270.0 million of indebtedness outstanding following this offering under our new credit agreement that will bear interest at rates that vary with changes in overall

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market interest rates for instruments of similar term. Market interest rates, which were at historical low levels in 2003 and 2004, have been rising steadily over the past several months. For every 1.0%, or 100 basis point, increase in market interest rates following this offering, we would incur approximately $2.7 million per year in incremental financing interest expense under our new credit agreement.

We would also face increased borrowing costs to fund our payment processing operations during periods of higher interest rates. During 2004, we had an average accounts receivable balance in respect of these funding activities of $418.9 million. We generally support our funding activities through the issuance of certificates of deposit, escrow deposits in the form of money market deposits, customer deposits and borrowed federal funds through our bank subsidiary, in each case, with maturities of less than six months. Accordingly, our borrowing costs fluctuate in proportion to short term-interest rates prevailing in the market. Our operating interest expense was $5.6 million in 2004. However, for every 1.0%, or 100 basis point, increase in average market interest rates, we would have incurred approximately $1.8 million in incremental operating interest expense in 2004.

To the extent we do not to hedge or otherwise mitigate our exposure to rising interest rates in the future, our income before income taxes will be reduced by the amount of incremental interest expense.

We depend on key management and if we are unable to retain those employees, we could lose valuable strategic and customer relationships.

We believe that our future depends, in part, on the continued services of our senior management team, including Michael Dubyak, our president and chief executive officer, who has been with Wright Express since 1986. Losing the services of Mr. Dubyak or other members of our senior management team could adversely affect our strategic and customer relationships and impede our ability to execute our growth strategies. We do not currently maintain key person life insurance policies with respect to our executive officers.

We intend to enter into a credit agreement that may restrict our operating flexibility.

Concurrently with the closing of this offering, we intend to enter into a new credit agreement that will consist of a $220.0 million term loan and a revolving credit facility that will provide for borrowings of up to $130.0 million. The credit agreement will contain restrictions on our and our subsidiaries ability to, among other things:

- pay dividends to our stockholders;
- sell or transfer all or substantially all of our property or assets;
- incur more indebtedness or make guarantees;

grant or incur liens on our assets;

make investments, loans, advances or acquisitions;

engage in mergers, consolidations, liquidations or dissolutions;

engage in transactions with our affiliates;

enter into sales or leasebacks; and

change our accounting policies or reporting practices.

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The restrictions contained in the credit agreement could hurt our ability to finance our future operations or capital needs or make acquisitions that may be in our best interest. In addition, our credit agreement will require that we comply with several financial maintenance covenants. Specifically, we expect that our new credit agreement will contain financial covenants requiring us to maintain a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio at the end of each fiscal quarter. The credit agreement will require us to maintain a maximum consolidated leverage ratio of 3.50 to 1.00 at the end of each fiscal quarter until September 30, 2005, 3.00 to 1.00 at the end of each fiscal quarter until September 30, 2006, 2.50 to 1.00 at the end of each fiscal quarter until September 30, 2007, 2.00 to 1.00 at the end of each fiscal quarter until September 30, 2008 and 1.50 to 1.00 at the end of each fiscal quarter until the maturity date. The credit agreement will also require us to maintain a minimum consolidated fixed charge coverage ratio of 1.25 to 1.00 at the end of each fiscal quarter until December 31, 2006 and 1.50 to 1.00 at the end of each fiscal quarter until the maturity date. Our ability to comply with these financial requirements and other restrictions may be affected by events beyond our control, and our inability to comply with them could result in a default under our credit agreement. If a default occurs under our credit agreement, the lenders under the revolving credit facility or term loan could elect to declare all of the outstanding borrowings, as well as accrued interest and fees, to be due and payable and require us to apply all of our available cash to repay those borrowings. In addition, a default may result in higher rates of interest and the inability to obtain additional capital.

We have benefited from being a subsidiary of much larger entities and we may not be able to maintain our historical growth rate as an independent company.

Cendant has been our parent company since March 2001. From June 1999 to March 2001, Avis Group Holdings, Inc., or Avis, was our parent company. From December 1997 to June 1999, we were a wholly owned subsidiary of Cendant and, from February 1996 to December 1997, we were a wholly owned subsidiary of an entity that subsequently merged with HFS Incorporated to form Cendant. Accordingly, all of our recent growth has occurred while we were a subsidiary of much larger entities. In the past, our ability to establish important business relationships has been facilitated by our affiliation with these respective parent companies. Our co-branded strategic relationship with PHH Vehicle Management Services, LLC was established while we and it were subsidiaries of Avis. In addition, as a subsidiary of Cendant, we entered into agreements with Jackson Hewitt Tax Service Inc., formerly a subsidiary of Cendant, and Cendant Travel Distribution Services, Inc. to provide MasterCard products. These business relationships have contributed to our historical growth. As an independent company, we may not be able to sustain the same level of growth in our business as we have experienced as a subsidiary of Cendant or Avis. See Certain relationships and related-party transactions.

We will rely on Cendant to provide transitional services to us and may not be able to replace those services at the same cost.

Simultaneously with the closing of this offering, we will enter into an agreement that will require Cendant to provide transitional services to us. The terms of the services to be provided under the transitional agreement vary depending on the specific service to be provided, with the majority of the terms expiring by December 31, 2005. We may be unable to sustain these services at the same level as when we were controlled by Cendant. After the expiration of this agreement, we may not be able to replace these services in a timely manner or on terms and

conditions, including cost, as those we have historically received from Cendant. This agreement will be entered into in the context of a parent-subsidiary relationship and will be negotiated in the context of this offering. Accordingly, this agreement may not reflect terms that would have resulted from arms-length negotiations with unaffiliated third parties. After this offering, we intend to transition such services to similar services to be provided by our internal resources, as well as to contract with unaffiliated third party providers for which we expect to incur higher costs.

We may incur significant liability to Cendant pursuant to the indemnification provisions of the transitional agreement.

The transitional agreement will provide that we will indemnify Cendant and its affiliates against potential losses based on, arising out of or resulting from:

any breach by us of the transitional agreement with Cendant;

claims by third parties relating to the ownership or the operation of our assets or properties and the operation or conduct of our business, whether in the past or future, including any litigation pending against Cendant at the time of closing, if any, with respect thereto;

any other activities we engage in;

tax sharing arrangements;

any third party claims relating to other acts or omissions arising out of performance of the transitional agreement, the sublease or the sublease assignment and assumption agreement whether in the past or future;

any guaranty, keepwell, net worth or financial condition maintenance agreement of or by Cendant provided to any parties with respect to any of our or our subsidiaries   actual or contingent obligations;

liabilities under the Securities Act of 1933 related to this offering; and

other matters described in the transitional agreement.

We will be required to pay Cendant for most of the tax benefits we receive in connection with this offering and related transactions.

We expect that, as a result of this offering and related transactions, the tax basis of our tangible and intangible assets will be increased to reflect their fair market value. For this purpose, we believe that the fair market value of our assets will be based in part upon the initial public offering price of our common stock. We further expect that this increase in tax basis will reduce the amount of United States federal income tax that we might otherwise be required to pay in the future. In this regard, we intend to enter into a tax receivable agreement with Cendant that will require us to pay Cendant 85% of any tax savings that we realize. Under the tax receivable agreement, tax savings that we realize will equal the difference between (i) the income taxes that we would pay if the tax basis of our assets was as currently shown on our books and (ii) the income taxes that we actually pay taking into account depreciation and

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amortization deductions attributable to the fair market value basis in our assets. We expect to make these payments to Cendant on a quarterly basis over the period in which tax savings are realized, which could exceed 20 years. While the actual amount and timing of payments under the tax receivable agreement will vary depending upon a number of factors, including the fair market value of our assets, whether we generate net operating losses for tax purposes, and our effective tax rate during the amortization period, we expect that, as a result of the size of the increase in the tax basis of our tangible and intangible assets, the payments that may be made to Cendant could be substantial. Based on the initial offering price for our common stock and assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization of our assets, we anticipate that future payments to Cendant will be approximately $450.8 million in the aggregate over the expected term of the tax receivable agreement.

Actions taken by us prior to the completion of this offering are intended to be in the best interest of Cendant and such actions may conflict with your interests.

Prior to the completion of this offering, we have operated as a wholly owned subsidiary of Cendant. The purpose of this offering, the borrowings under our new credit agreement, the tax receivable agreement and the payment of the special dividend to Cendant, each as described in this prospectus, is to benefit Cendant in connection with its disposition of its entire ownership interest in us. This purpose is not aligned with the interests of our stockholders following this offering, and in evaluating the transactions and agreements with Cendant that are described in this prospectus, you should be aware that actions taken by us prior to the completion of this offering are intended to be in the best interest of Cendant and such actions may conflict with your interests.

Specifically, prior to the completion of this offering, we will declare a special dividend to Cendant of $305.9 million (consisting of approximately $280.8 million of cash and the cancellation of the entire balance of the net receivable from Cendant of $25.1 million). We intend to borrow $270.0 million under our new credit agreement and use excess cash on hand in order to fund the cash portion of the special dividend.

Risks related to our common stock

There may be a limited public market for our common stock, and our stock price may experience volatility.

An active trading market for our common stock may not develop as a result of this offering or be sustained in the future. In addition, the stock market has from time to time experienced extreme price and volume fluctuations that often have been unrelated to the operating performance of particular companies. Changes in earnings estimates by analysts and economic and other external factors may have a significant impact on the market price of our common stock. Fluctuations or decreases in the trading price of our common stock may adversely affect the liquidity of the trading market for our common stock and our ability to raise capital through future equity financing.

If any entity controls 5% or more of our common stock and such entity has caused a violation of applicable banking laws by its failure to obtain any required approvals prior to acquiring such common stock, we will have the power to restrict such entity s ability to vote such shares.

As owners of a Utah industrial bank, we are subject to banking regulations that require any entity that controls 5% or more of our common stock to obtain the prior approval of Utah

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banking authorities, and any person or entity who controls 10% or more of our common stock must obtain the prior approval of federal banking regulators. A failure to comply with these requirements could result in sanctions, including the loss of our Utah industrial bank charter. Our certificate of incorporation will require that if any stockholder fails to provide us with satisfactory evidence that any required approvals have been obtained, we may, or will if required by state or federal regulators, restrict such stockholder s ability to vote such shares with respect to any matter subject to a vote of our stockholders.

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

Our certificate of incorporation, by-laws and our rights plan will contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. These provisions include, among other things, a classified board of directors, the elimination of stockholder action by written consent, advance notice for raising business or making nominations at meetings of stockholders and blank check preferred stock. Blank check preferred stock enables our board of directors, without stockholder approval, to designate and issue additional series of preferred stock with such special dividend, liquidation, conversion, voting or other rights, including the right to issue convertible securities with no limitations on conversion, as our board of directors may determine, including rights to dividends and proceeds in a liquidation that are senior to the common stock. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding voting common stock. We are also subject to certain provisions of Delaware law which could delay, deter or prevent us from entering into an acquisition, including Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in a business combination with an interested stockholder unless specific conditions are met. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock.

In addition, because we own a Utah industrial bank, any purchaser of our common stock who would own 5% or more of our common stock after such purchase would be required to obtain the prior consent of Utah banking authorities and any purchaser of our common stock who would own 10% or more of our common stock would be required to obtain the consent of federal banking authorities prior to consummating any such acquisition. These regulatory requirements may preclude or delay the purchase of a relatively large ownership stake by certain potential investors.

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

Prior to the completion of this offering, our board of directors will approve the adoption of a stockholder rights plan, which will become effective upon completion of this offering. This plan will entitle our stockholders to acquire shares of our common stock at a price equal to 50% of the then current market value in limited circumstances when a third party acquires 15% or more of our outstanding common stock or announces its intent to commence a tender offer for at least 15% of our common stock, in each case, in a transaction that our board of directors does not approve. The existence of these rights would significantly increase the cost of acquiring control of our company without the support of our board of directors because, under these limited

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circumstances, all of our stockholders, other than the person or group that caused the rights to become exercisable, would become entitled to purchase shares of our common stock at a discount. The existence of the rights plan could therefore deter potential acquirers and thereby reduce the likelihood that you will receive a premium for your common stock in an acquisition.

You will be immediately diluted by $20.41 per share of common stock you purchase in this offering.

The net tangible book value of our assets as of December 31, 2004, after giving effect to adjustments relating to this offering and related transactions, would have been approximately $(96.4) million, or $(2.41) per share. Based on the book value of our tangible assets and liabilities and the initial public offering price of $18.00 per share, you will experience an immediate dilution of $20.41 for each share of common stock that you purchase in this offering.

Some of the underwriters participating in this offering will indirectly receive benefits from this offering in addition to their underwriting discounts and commissions.

As described in Underwriting, Cendant intends to use all or a portion of the net proceeds from this offering to repay the debt outstanding under its credit facilities. Assuming Cendant uses all of such proceeds to repay outstanding amounts under the credit facilities, affiliates of several of the underwriters of this offering, including JPMorgan and Citigroup, may receive in the aggregate up to approximately $461.0 million in connection with such repayment. In addition, affiliates of some of the underwriters will receive arrangement, commitment and placement fees not to exceed $5.0 million in the aggregate in connection with the transactions described in this prospectus. The intended use of proceeds by Cendant and the additional fees associated with our new credit agreement may create a conflict of interest because they may give affiliates of the underwriters an interest in the successful completion of this offering beyond the underwriting discounts and commissions the underwriters will receive from this offering. Because some of the underwriters may receive more than 10% of the entire net proceeds in this offering, this offering is being made using a qualified independent underwriter as contemplated by Rule 2720 of the Conduct Rules of the NASD, Inc. Credit Suisse First Boston LLC will assume the responsibilities of acting as a qualified independent underwriter. In such role, Credit Suisse First Boston LLC has performed due diligence investigations and reviewed and participated in the preparation of this prospectus and the registration statement. The initial public offering price of the shares of common stock offered hereby is not higher than the price recommended by Credit Suisse First Boston LLC.

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Special note regarding forward-looking statements

This prospectus, including the sections entitled Prospectus summary, Risk factors, Management s discussion and analysis of financial condition and results of operations and Business, contains forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include those listed under Risk factors and elsewhere in this prospectus. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, pred continues or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we do not undertake any obligation to update any forward-looking statements for any reason after the date of this prospectus or to conform these statements to actual results or to changes in our expectations. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause results to differ materially from those indicated in such statements. We believe that these factors include, but are not limited to, the following:

volatility in fuel prices;

effectiveness of our derivatives transactions;

competition from existing competitors in our industry and from large financial institutions and major oil companies that have not traditionally focused on our business;

the loss of key strategic relationships;

decreased demand for fuel and other vehicle products and services and the effect of general economic conditions on the commercial activity of fleets;

our ability to rapidly implement new technology and systems;

our dependence on technology systems and electronic communications networks managed by third parties;

the credit risk of our customers;

the loss or suspension of our charter for, and changes in the governmental regulations relating to, our bank subsidiary;

our ability to adequately protect the data we collect about our customers;

changes in interest rates;

changes in our key management;

our compliance with covenants in our new credit agreement;

our ability to sustain or negotiate services currently provided by Cendant at reasonable costs;

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liability incurred pursuant to the indemnification provisions of the transitional agreement with Cendant;

our payment to Cendant for tax benefits; and

changes in accounting policies.

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Use of proceeds

We will not receive any proceeds from the sale of shares of common stock being offered by Cendant. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us from the additional shares of common stock will be $102.6 million. We expect to use any net proceeds from the exercise of the underwriters option for general corporate purposes, which may include repayment of borrowings under our new five-year revolving credit facility, which will bear interest at floating rates tied to either the Prime Rate or LIBOR, and share repurchases. We expect to borrow approximately $50.0 million under our new revolving credit facility to fund a portion of the special dividend we intend to pay to Cendant in connection with this offering. All or a portion of this amount could be repaid if the underwriters option is exercised. Pending the use of such proceeds, we intend to invest the proceeds in short-term interest-bearing instruments or money-market accounts.

Dividend policy

We have no present intention to pay regular dividends on our common stock. Any determination to pay dividends to holders of our common stock in the future will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, legal requirements and other factors as the board of directors deems relevant.

In addition, any dividends on our common stock will be subject to the prior payment of the dividend preference on the shares of our Series A non-voting convertible preferred stock, which will be based on a floating rate equal to the three-month LIBOR plus 150 basis points.

We will depend on future dividends and other permitted payments from our subsidiaries to pay dividends to our stockholders. Our wholly owned bank subsidiary s ability to pay dividends, as well as our ability to pay dividends, is subject to regulatory and other constraints. See Business Regulation Restrictions on dividends. In addition, our new credit agreement will limit our ability to pay dividends and we may in the future become subject to debt instruments or other agreements that further limit our ability to pay dividends. We have been, and until the completion of this offering will be, a wholly owned subsidiary of Cendant. We paid no dividends to Cendant in 2003 and $25.3 million of dividends to Cendant in the year ended December 31, 2004 in order to distribute excess cash on hand to our parent company, Cendant; however, such payments are not indicative of our future dividend policy.

Prior to the completion of this offering, we will declare a special dividend to Cendant of $305.9 million, which will consist of a cash and non-cash portion.

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Capitalization

The following table, which should be read in conjunction with Management s discussion and analysis of financial condition and results of operations and the combined financial statements and the accompanying notes included elsewhere in this prospectus, sets forth the cash and cash equivalents and combined capitalization as of December 31, 2004 for:

Wright Express LLC and its consolidated subsidiaries and Wright Express Solutions and Technologies, LLC on an actual basis;

Wright Express Corporation on a pro forma basis to reflect the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation; and

Wright Express Corporation on a pro forma as adjusted basis to also reflect:

a special dividend to Cendant, which will benefit only Cendant and not you as a stockholder; and

borrowings under our new credit agreement.

As of December 31, 2004			**Pro forma**
(in thousands, except share data)	**Actual**	**Pro forma**	**as adjusted**
Cash and cash equivalents	$ 31,806	$ 31,806	$ 27,431
Revolving credit facility			50,000
Term loan			220,000
Preferred stock; 10,000,000 shares authorized:			
Series A non-voting convertible preferred stock; 100 shares authorized, issued and outstanding[1]		10,000	10,000
Member s/stockholders equity:			
Member s contribution	182,379		
Common stock $0.01 par value; 175,000,000 shares of common stock authorized; 40,000,000 shares of common stock issued and outstanding		400	400
Additional capital		171,979	40,690
Retained earnings	101,869	101,869	
Accumulated other comprehensive income	2	2	2
Total member s/stockholders equity	284,250	274,250	41,092

Total capitalization	$ 284,250	$ 284,250	$ 321,092

(1) The Series A non-voting convertible preferred stock has been classified outside of stockholders equity because it is subject to redemption at the option of the holder five and one-half years from the date of issuance and each year thereafter and mandatorily redeemable ten years from the date of issuance. Dividends paid on the Series A non-voting convertible preferred stock will be included on our combined statement of income as financing interest expense.

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Dilution

Purchasers of our common stock in this offering will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the offering price paid by the purchasers of our common stock exceeds the pro forma as adjusted net tangible book value per share of our common stock after the offering. Pro forma net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of our common stock deemed to be outstanding on the date the book value is determined.

At December 31, 2004, we had a net tangible book value of $136.8 million, or $3.42 per share of common stock on a pro forma basis to give effect to the issuance of 40,000,000 shares of common stock and 100 shares of Series A non-voting convertible preferred stock to Cendant in the conversion of Wright Express LLC to Wright Express Corporation. After giving effect to the other adjustments relating to this offering and related transactions as if they had occurred on December 31, 2004, our pro forma as adjusted net tangible book value at December 31, 2004 would have been $(96.4) million, or $(2.41) per share of common stock. We also adjusted the net tangible book value of our assets to give effect to the special dividend to Cendant.

The following table illustrates this per share dilution:

Initial public offering price per share		$ 18.00
Pro forma net tangible book value per share at December 31, 2004	$ 3.42	
Decrease in pro forma net tangible book value per share resulting from the special dividend to Cendant	(7.82)	
Increase in pro forma net tangible book value per share resulting from adjustments associated with the tax receivable agreement	1.99	
Pro forma as adjusted net tangible book value per share at December 31, 2004		(2.41)
Dilution per share to new investors		$ 20.41

The discussion and table above exclude 1,156,000 shares of common stock issuable upon the exercise of stock options or vesting of restricted stock units that will be issued under our 2005 Equity and Incentive Plan on or about the closing date of this offering and 2,794,000 shares that will be available for future issuance under our equity incentive plans. To the extent that any of these options are exercised or restricted stock units vest, there will be further dilution to new investors. This table also excludes 444,000 shares of common stock issuable at any time following the five year anniversary of the date of issuance upon conversion of 100 shares of Series A non-voting convertible preferred stock that will be outstanding following completion of this offering.

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Selected historical combined financial data

Wright Express LLC and Wright Express Solutions and Technologies, LLC have been wholly owned subsidiaries of Cendant since March 2001. On January 19, 2005, the assets of Wright Express Solutions and Technologies, LLC were transferred to Wright Express LLC. The following tables contain selected historical combined financial data of Wright Express LLC and Wright Express Solutions and Technologies, LLC as of and for the ten months ended December 31, 2001 and for the years ended December 31, 2002, 2003 and 2004. The tables also contain selected historical combined financial data of Wright Express LLC and Wright Express Solutions and Technologies, LLC when they were owned by Avis, the predecessor owner to Cendant, which are reflected at the historic cost basis of Avis as of and for the year ended December 31, 2000 and the two months ended February 28, 2001. The combined statement of income data and combined balance sheet data of Wright Express LLC and Wright Express Solutions and Technologies, LLC as of and for the ten months ended December 31, 2001 and the years ended December 31, 2002, 2003 and 2004 have been derived from the audited combined financial statements. The combined statement of income data and combined balance sheet data as of and for the year ended December 31, 2000 and the two months ended February 28, 2001 have been derived from our unaudited combined financial statements. Prior to the closing of this offering, Wright Express LLC will be converted from a Delaware limited liability company to a Delaware corporation to be renamed Wright Express Corporation.

The combined financial statements of Wright Express LLC and Wright Express Solutions and Technologies, LLC as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 and Deloitte & Touche LLP s audit report on these historical combined financial statements is included elsewhere in this prospectus. These financial statements may not be indicative of revenues, expenses, assets and liabilities that would have existed or resulted if Wright Express LLC and Wright Express Solutions and Technologies, LLC had operated independently of Cendant. The unaudited combined financial statements of Wright Express LLC and Wright Express Solutions and Technologies, LLC as of and for the year ended December 31, 2000 and the two month period from January 1, 2001 to February 28, 2001 are not included in this prospectus. These financial statements may not be indicative of revenues, expenses, assets and liabilities that would have existed or resulted if Wright Express LLC and Wright Express Solutions and Technologies, LLC had operated independently of Avis.

Historical results do not necessarily indicate results expected for any future period. The information below is qualified in its entirety by the detailed information included elsewhere in this prospectus and should be read in conjunction with Management s discussion and analysis of financial condition and results of operation, Business and the combined financial statements and the accompanying notes included elsewhere in this prospectus.

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(in thousands, except per share, per gallon and per transaction data)	Owned by Cendant				Owned by predecessor	
	Year ended December 31,			March 1 to December 31,	January 1 to February 28,	Year ended December 31,
	2004	2003	2002	2001	2001	2000
Income statement data						
Revenues:						
Payment processing revenue	$ 129,987	$ 105,263	$ 83,730	$ 65,715	$ 12,356	$ 69,655
Transaction processing revenue	18,113	16,490	11,945	9,833	1,735	10,024
Account servicing revenue	21,167	19,118	18,039	14,862	2,853	16,735
Finance fees	9,603	7,650	5,466	4,791	1,158	5,657
Other	10,230	8,418	7,421	7,760	1,099	8,034
Total revenues	189,100	156,939	126,601	102,961	19,201	110,105
Expenses:						
Salary and other personnel	49,420	47,205	42,058	34,391	8,032	39,910
Service fees	9,534	9,661	5,092	3,331	879	5,672
Provision for credit losses	8,131	9,431	4,977	4,080	1,097	6,416
Depreciation and amortization	7,376	7,284	8,075	8,246	997	4,624
Operating interest expense	5,625	4,208	4,835	6,787	1,762	8,973
Operating interest income	(3,197)	(1,393)	(763)			
Other	28,051	23,609	22,204	15,711	3,415	15,935
Total expenses	104,940	100,005	86,478	72,546	16,182	81,530
Income before income taxes	84,160	56,934	40,123	30,415	3,019	28,575
Provision for income taxes	32,941	22,294	15,702	13,547	1,156	7,093
Net income	$ 51,219	$ 34,640	$ 24,421	$ 16,868	$ 1,863	$ 21,482
Pro forma earnings per share data						
Earnings per share of common stock[(1)]	$ 1.28	$ 0.87	$ 0.61	$ 0.42	$ 0.05	$ 0.54
Weighted average shares of common stock outstanding[(1)]	40,000	40,000	40,000	40,000	40,000	40,000
Other operating data						
Number of transactions processed:						
Payment processing transactions	145,597	133,206	119,215	87,797	16,222	86,742
Transaction processing transactions	60,176	55,866	54,673	45,555	8,919	53,233
Total transactions processed	205,773	189,072	173,888	133,352	25,141	139,975
Average expenditure per payment processing transaction	$ 36.07	$ 29.98	$ 25.88	$ 27.57	$ 27.59	$ 28.72
Average price per gallon	$ 1.84	$ 1.55	$ 1.35	$ 1.43	$ 1.50	$ 1.52
Average number of vehicles serviced	3,745	3,403	3,217	3,033	2,839	2,644
Total MasterCard purchase volume[(2)]	$ 717,365	$ 570,928	$ 375,165	$ 273,273	$ 36,404	$ 181,471

(in thousands)	Owned by Cendant				Owned by predecessor	
	As of December 31,				As of February 28,	As of December 31,
	2004	2003	2002	2001	2001	2000
Selected balance sheet data						

Cash and cash equivalents	$ 31,806	$ 22,134	$ 14,439	$ 13,598	$ 34,888	$ 10,048
Accounts receivable, net	447,169	302,317	250,272	207,320	266,491	288,422
Total assets	812,689	583,610	478,615	414,979	361,305	358,504
Accounts payable	197,647	125,666	102,126	102,329	126,780	116,851
Deposits and borrowed federal funds	221,457	115,784	109,918	82,278	120,687	140,891
Member s equity	284,250	258,332	223,640	199,247	70,999	69,143

(1) Earnings per share of common stock and the weighted average shares of common stock outstanding reflect the number of shares of common stock we expect to have outstanding upon the completion of this offering. The dilutive effect of existing awards related to Cendant common stock to be converted into equity awards related to our common stock in connection with this offering has not been reflected in either earnings per share of common stock or the weighted average shares of common stock outstanding as such amounts are not determinable until completion of this offering.

(2) Total MasterCard purchase volume reflects the aggregate dollar value of MasterCard purchase transactions processed by us on behalf of our customers.

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Unaudited pro forma combined financial statements

You should read the pro forma combined financial statements presented below in conjunction with the information under Management s discussion and analysis of financial condition and results of operations, Business and our historical combined financial statements and the related notes thereto included elsewhere in this prospectus.

The pro forma combined statements of income for the year ended December 31, 2004 are unaudited and have been derived from our historical combined financial statements adjusted to give effect to the following transactions, as if they had occurred on January 1, 2004 with respect to the pro forma combined statements of income and as of December 31, 2004, with respect to the pro forma combined balance sheets:

Wright Express Corporation on a pro forma basis to reflect:

the transfer of the assets of Wright Express Solutions and Technologies, LLC to Wright Express LLC, which occurred on January 19, 2005; and

the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation.

Wright Express Corporation on a pro forma as adjusted basis to also reflect:

the special dividend to Cendant;

borrowings under our new credit agreement to fund a portion of the special dividend;

incremental public company costs and differences in costs resulting from our separation from Cendant and related transactions; and

a tax receivable agreement into which we will enter with Cendant.

The unaudited pro forma combined financial statements are based upon available information and assumptions that we believe are reasonable. These pro forma combined financial statements are not necessarily indicative of the results of future operations or the actual results that would have been achieved had the transactions occurred on the dates indicated above.

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Unaudited pro forma combined statement of income

Year ended December 31, 2004

(in thousands, except per share data)	Historical	Adjustments	Pro forma as adjusted
Revenues:			
Payment processing revenue	$ 129,987	$	$ 129,987
Transaction processing revenue	18,113		18,113
Account servicing revenue	21,167		21,167
Finance fees	9,603		9,603
Other	10,230		10,230
Total revenues	189,100		189,100
Expenses:			
Salary and other personnel[1]	49,420	2,951	52,371
Service fees[1]	9,534	3,884	13,418
Provision for credit losses	8,131		8,131
Depreciation and amortization	7,376		7,376
Operating interest expense[2]	5,625	480	6,105
Operating interest income[3]	(3,197)	3,197	
Financing interest expense[4][5][6]		10,726	10,726
Other[1]	28,051	(972)	27,079
Total expenses	104,940	20,266	125,206
Income before income taxes	84,160	(20,266)	63,894
Provision for income taxes[7]	32,941	(7,811)	25,130
Net income	$ 51,219	$ (12,455)	$ 38,764
Pro forma earnings per share of common stock[8]	$ 1.28		$ 0.97
Weighted average shares of common stock outstanding[8]	40,000		40,000

See accompanying notes to unaudited pro forma combined financial statements.

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Unaudited pro forma combined balance sheet

As of December 31, 2004

(in thousands, except share data)	Historical	Adjustments	Pro forma	Adjustments	Pro forma as adjusted
Assets					
Cash and cash equivalents[5]	$ 31,806	$	$ 31,806	$ (4,375)	$ 27,431
Accounts receivable, net	447,169		447,169		447,169
Due from related parties[9]	134,182		134,182	(134,182)	
Available-for-sale securities, at fair value	17,792		17,792		17,792
Property, equipment and capitalized software, net	37,474		37,474		37,474
Deferred income taxes[10]	502		502	530,388	530,890
Goodwill and intangible assets, net	137,468		137,468		137,468
Other assets[5]	6,296		6,296	4,375	10,671
Total assets	$ 812,689	$	$ 812,689	$ 396,206	$ 1,208,895
Liabilities and member s equity					
Accounts payable	$ 197,647	$	$ 197,647	$	$ 197,647
Accrued expenses	17,410		17,410		17,410
Deposits	194,360		194,360		194,360
Borrowed federal funds	27,097		27,097		27,097
Revolving credit facility[4][9]				50,000	50,000
Term loan[4][9]				220,000	220,000
Other liabilities[10]	459		459	450,830	451,289
Due to related parties[9]	91,466		91,466	(91,466)	
Preferred stock; 10,000,000 shares authorized:					
Series A non-voting convertible preferred stock; 100 shares authorized, issued and outstanding[6]		10,000	10,000		10,000
Total liabilities	528,439	10,000	538,439	629,364	1,167,803
Member s equity:					
Member s contribution[11]	182,379	(182,379)			
Common stock; 175,000,000 shares of common stock authorized; 40,000,000 shares of common stock issued and outstanding[12]		400	400		400
Additional capital[9][10][11][12]		171,979	171,979	(131,289)	40,690
Retained earnings[9]	101,869		101,869	(101,869)	
Accumulated other comprehensive income	2		2		2
Total member s/stockholders equity	284,250	(10,000)	274,250	(233,158)	41,092
Total liabilities and member s/stockholders equity	$ 812,689	$	$ 812,689	$ 396,206	$ 1,208,895

See accompanying notes to unaudited pro forma combined financial statements.

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Notes to unaudited pro forma combined financial statements:

(1) For salary and other personnel expenses, $1.6 million pertains to additional employees needed for our finance, legal and human resources departments as part of our transition to a public company. $0.6 million relates to salary increases for certain existing members of management due to increased responsibilities associated with being a public company. In support of the above adjustments relating to salary increases and expenses associated with additional employees, we have prepared detailed job descriptions, completed a market analysis of appropriate compensation levels for such positions and compared these amounts to information provided by independent third-party resources, as applicable. Additionally, we have hired more than half of our anticipated additional employees. In addition, incremental costs of $1.6 million relate to approximately $6.2 million of restricted stock units to be granted on the date of pricing of this offering that will vest over a four-year period. Offsetting this amount is a reduction in employee stock compensation expense of $0.9 million. As discussed in note (8) below, we will incur a one-time charge associated with the issuance of shares of common stock and stock options to purchase shares of our common stock in exchange for Cendant restricted stock units and stock options. This one-time charge would eliminate the annual expense related to the restricted stock units.

For service fees, $3.9 million relates to third-party services in connection with compliance with the Sarbanes-Oxley Act, investor relations, establishing our board of directors, legal costs, the printing of our annual report, conducting our annual meeting of stockholders, administration of employee benefit plans and stock exchange fees. The amounts included reflect written quotes and formal proposals received from companies that we intend to employ to provide the above-mentioned services. The pro forma combined statement of income does not include $1.3 million of one-time costs related to service fees needed to establish our Sarbanes-Oxley, internal audit and legal compliance with SEC regulations.

For other expenses, $1.9 million relates to additional directors and officers insurance and health and other benefits increases that we expect to realize. Both amounts are derived from written quotations provided by our selected insurance carrier. These amounts are offset by $2.9 million that was allocated to us by Cendant. The $2.9 million allocated to us differs from the $4.2 million reflected on page 49 because the $4.2 million would have been the amount allocated to us for the 12 months following this offering. Allocations can increase each year as amounts are allocated primarily based our revenue as a percentage of total Cendant revenue. Given our revenue growth rate projections, our allocation from Cendant increased accordingly. No allocations will occur after this offering.

The pro forma combined statement of income does not reflect a non-recurring pre-tax compensation charge estimated to be approximately $5.8 million to be associated with the issuance of common stock and options to purchase shares of our common stock to be issued in exchange for Cendant restricted stock units and stock options currently held by our executive officers and employees. This expected expense will be based on the ratio of the average closing price of Cendant common stock during a period of three trading days immediately following the pricing of this offering divided by the average closing price of our common stock for the same three-day period. The expense was calculated based on the initial public offering price and additionally, for stock options, based upon the results of the Black Scholes options pricing model.

(2) Reflects an adjustment for interest to be paid on an additional $24.0 million of federal funds borrowed by our bank subsidiary in December 2004 to pay down an intercompany obligation

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owed to Cendant in anticipation of this offering. We pay interest of LIBOR plus 40 basis points on our federal funds borrowing. Because LIBOR averaged 1.6% in 2004, we used an assumed interest rate of 2.0%.

(3) Reflects an adjustment for intercompany interest income that will no longer be earned from Cendant on intercompany cash balances held by Cendant.

(4) Reflects adjustments to give effect to $8.7 million of interest expense and the principal amount outstanding for the $220.0 million term loan and $50.0 million of borrowings under our revolving credit facility, both to be entered into concurrently with the closing of this offering and the amortization of deferred financing costs. Assumes an average principal amount outstanding of $259.0 million and an average annual interest rate of 3.3% for all borrowings.

(5) Reflects an adjustment to give effect to $4.4 million of financing costs associated with the new credit agreement, comprised of a 50 basis point up-front fee and a 75 basis point loan origination fee that are being amortized, using the simple interest declining balance method, over the 5-year life of the new credit agreement, a 37.5 basis point unused line fee for our line of credit and an 187.5 basis point letter of credit fee. The financing interest expense for the first year of the credit agreement will be $1.7 million.

(6) Reflects an adjustment to give effect to the issuance of 100 shares of Series A non-voting convertible preferred stock to be issued to a wholly owned subsidiary of Cendant as part of the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation to be renamed Wright Express Corporation. Dividends on the Series A non-voting convertible preferred stock will accumulate at a floating rate equal to three-month LIBOR plus 150 basis points. Financing interest expense of $0.3 million for the year ended December 31, 2004 reflects an adjustment to give effect to estimated dividend payments on the Series A non-voting convertible preferred stock. Because LIBOR averaged 1.6% in 2004, we used an assumed rate of 3.1%. The Series A non-voting convertible preferred stock has been classified outside of stockholders equity because it is subject to redemption at the option of the holder five and one-half years from the date of issuance and each year thereafter and mandatorily redeemable ten years from the date of issuance.

(7) Reflects adjustments to give effect to income taxes related to the pro forma adjustments recorded at the effective tax rate of 39.1% for the year ended December 31, 2004.

(8) Earnings per share of common stock and the weighted average shares of common stock outstanding reflect the 40,000,000 shares of common stock we expect to have outstanding upon the completion of this offering. The dilutive effect of existing awards related to Cendant common stock to be converted into equity awards related to our common stock in connection with the completion of this offering has not been reflected in either earnings per share of common stock or the weighted average shares of common stock outstanding as such amounts are not determinable until completion of this offering and future periods. We currently expect to issue approximately 540,000 stock options and approximately 269,000 shares of our common stock upon completion of this offering in exchange for existing equity awards related to Cendant common stock. As of the date of this prospectus, we have granted restricted stock units relating to 347,000 shares of our common stock. We estimate that, immediately following this offering, the earnings per share dilution associated with such stock options and shares of common stock will be less than 1.2% compared to the calculation of earnings per share included above. The 444,000 shares of common stock underlying the Series A non-voting convertible preferred stock was not included in the dilutive earnings per share as it is antidilutive.

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Shares of common stock and stock options to be issued in exchange for Cendant restricted stock units and stock options will be determined based on a ratio equal to the average closing price of Cendant common stock during a period of three trading days immediately following the pricing of this offering divided by the average closing price of our common stock for the same three-day trading period. Shares of common stock and stock options in this prospectus are based on the initial public offering price set forth on the cover page of this prospectus and the average closing price of Cendant s stock price as of a recent three-day period. The actual amounts will change based on our stock price and Cendant s stock price for the three trading days following the date of this prospectus.

(9) Reflects an adjustment to give effect to the special dividend to be paid to Cendant in the amount of $312.7 million, which is the amount the special dividend would have been as of December 31, 2004. The special dividend will benefit only Cendant and not you as a stockholder. The $270.0 million cash portion of the special dividend will be funded from the net proceeds of a term loan, $50.0 million of borrowings under our new revolving credit facility and excess cash on hand at the time the special dividend is declared. The $42.7 million non-cash portion of the special dividend relates to the cancellation of the entire balance of the net receivable from Cendant, of which $25.1 million owed by PHH Corporation, a former subsidiary of Cendant, was cancelled on January 25, 2005. The estimated amount of the special dividend as of December 31, 2004 is different from the amount of the actual special dividend to be declared prior to the completion of this offering because our cash earnings will be paid to Cendant (which will increase the net receivable) and costs will be allocated to us by Cendant (which will decrease the net receivable) in the ordinary course of our business until the declaration of the special dividend. Accordingly, the amount of the special dividend will vary from the amount reflected in the unaudited pro forma combined financial statements. The special dividend will be $305.9 million.

(10) Reflects an adjustment to give effect to the increase in the tax basis of our assets, which is associated with this offering and related transactions, and to give effect to the tax receivable agreement to be entered into with Cendant. Pursuant to the tax receivable agreement, we will be required to pay to Cendant 85% of the amounts by which our income taxes are reduced as a result of the amortization of the increased tax basis of our assets. The amount of this increase in tax basis and the actual amount and timing of payments under the tax receivable agreement will vary depending upon a number of factors, including the initial public offering price of our common stock and the effective tax rate during the amortization period. Based on the initial public offering price, the pro forma adjustments reflect a $904.3 million dollar increase in the tax basis of our assets. Based on this increase in basis, we have recorded a corresponding deferred tax asset of $530.4 million, comprised of a tax benefit of $353.9 million associated with the $904.3 million initial increase in the tax basis of our assets as a result of the offering and a tax benefit of $176.4 million associated with $450.8 million of required payments to Cendant over the term of the tax receivable agreement, which will further increase the tax basis of our assets. We also recorded a liability of $450.8 million, comprised of $300.9 million, for 85% of the tax benefit realized by the initial increase in basis of the assets as a result of the offering, and $150.0 million for 85% of the tax benefit realized from required payments to Cendant over the term of the tax receivable agreement. Finally, we recognized additional capital of $79.6 million, comprised of $53.1 million relating to the estimated initial increase in the tax basis of our assets as a result of the offering and $26.5 million relating to 15% of the estimated tax benefit to be realized by us over the term of the tax receivable agreement.

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(11) The $182.4 million adjustment from member s contribution to additional capital reflects the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation to be renamed Wright Express Corporation.

(12) Reflects an adjustment to give effect to the issuance of 40,000,000 shares of common stock to be issued to a wholly owned subsidiary of Cendant as part of the conversion of Wright Express LLC from a Delaware limited liability company to a Delaware corporation to be renamed Wright Express Corporation.

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Management s discussion and analysis of financial condition and results of operations

The following discussion should be read in conjunction with our combined financial statements and related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion contains forward looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management s expectations. Factors that could cause such differences include those described in Risk factors and elsewhere in this prospectus.

Overview

We are a leading provider of payment processing and information management services to the U.S. commercial and government vehicle fleet industry. We provide fleets using our services with detailed transaction data, analysis tools and purchase control capabilities. We capture transaction data at approximately 180,000 fuel and vehicle maintenance locations, including over 90% of the nation s retail fuel locations and 41,000 vehicle maintenance locations. We market our services directly to businesses and government agencies with vehicle fleets, as well as through 83 strategic relationships with fleet management companies, automotive manufacturers, fuel retailers and other companies.

Our corporate headquarters are located in South Portland, Maine and our bank facility is located in Salt Lake City, Utah. We employ approximately 540 employees at our corporate headquarters in Maine, approximately 35 employees at our Utah bank facility and approximately 45 other sales employees in various locations throughout the United States. We have been owned by Cendant since March 1, 2001 when we were acquired as part of Cendant s purchase of Avis. From June 1999 to March 2001, we were a wholly owned subsidiary of Avis, whose largest stockholder was Cendant, and from February 1996 to June 1999, we were a wholly owned subsidiary of an entity that subsequently merged with HFS Incorporated to form Cendant in December 1997.

We earn the following types of revenues:

Payment processing revenue: We earn payment processing revenue for transactions in which we process and make payments to fuel or maintenance providers on behalf of fleets which comprised 69% and 67% of our total revenues during 2004 and 2003, respectively. We estimate that approximately 85% of payment processing revenue during 2004 was based on a percentage of the aggregate dollar amount of purchases made by fleet customers at fuel and vehicle maintenance locations on our network, which is credited to us by the fuel or vehicle maintenance provider, as applicable. The remainder was based on a fixed fee per transaction. We also earn payment processing revenue from our MasterCard product.

Transaction processing revenue: Transaction processing revenue, which is primarily based on a fixed fee per transaction, comprised 10% and 11% of our total revenues during 2004 and 2003, respectively. We do not make payments to fuel and maintenance providers on behalf of fleets for most of the transactions on which we earn transaction processing revenue.

Account servicing revenue: We earn account servicing revenue by assessing monthly account servicing fees, which are based on the number of vehicles in a fleet for which we

provide proprietary reporting services and monthly reports. Account servicing revenue comprised 11% and 12% of our total revenues during 2004 and 2003, respectively.

Finance fees: We assess finance fees to our customers and the customers of our strategic relationships with overdue balances. Finance fees comprised 5% of our total revenues during each of 2004 and 2003.

Other revenue: Other revenue includes fees from providing ancillary services, such as consulting and information services and marketing services to customers, strategic relationships and other companies related to the fleet payment processing industry. In addition, other revenue includes investment income. Other revenue comprised 5% of our total revenues during each of 2004 and 2003.

Our revenues are primarily affected by the number of transactions we process and the average expenditure per payment processing transaction.

We have two reportable operating segments, Wright Express and Other. Wright Express includes the direct, co-branded, private label and Roadsmith operating segments. These segments have been presented as one reportable segment due to their similar economic characteristics, services, customers and processes. In our direct operating segment, we provide transaction and payment processing services directly to commercial and government vehicle fleets using our own brand and maintain a direct relationship with our fleet customers. In our co-branded operating segment, we provide transaction and payment processing services to and on behalf of fleet management companies and automotive manufacturers using both the strategic relationship s and our brand names. The strategic relationships offer our transaction and payment processing services to their customers as part of a larger package of fleet services. Through our private label operating segment, we provide transaction and payment processing services for and in collaboration with major oil companies using only the oil companies brand names. The oil companies fleet customers that utilize our services are typically small businesses. Through our Roadsmith operating segment, we provide transaction and payment processing services to regional fuel retailers. The fleet customers in the Roadsmith segment are typically small fleets who only travel within a defined region. Other includes the MasterCard operating segment, which does not meet the quantitative thresholds for a reportable segment and thus is included in the Other category. Our MasterCard segment provides charge card products and stored value card products. The charge card products are used by businesses to facilitate purchases of products and utilize our information management capabilities.

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The following table sets forth our key operating statistics for the periods presented below:

(in thousands, except per transaction and per gallon data)	Year ended December 31, 2004	2003	2002
Number of transactions:			
Payment processing transactions	145,597	133,206	119,215
Transaction processing transactions	60,176	55,866	54,673
Total transactions processed	205,773	189,072	173,888
Average expenditure per payment processing transaction	$ 36.07	$ 29.98	$ 25.88
Average price per gallon of fuel	$ 1.84	$ 1.55	$ 1.35
Average number of vehicles	3,745	3,403	3,217
Total MasterCard purchase volume[1]	$ 717,366	$ 570,928	$ 375,165

(1) Total MasterCard purchase volume reflects the aggregate dollar value of MasterCard purchase transactions processed by us on behalf of our customers.

The following table reflects percentage changes in our key operating statistics for the periods presented below:

	% change for year ended December 31, 2004 to 2003	2003 to 2002
Number of transactions:		
Payment processing transactions	9%	12%
Transaction processing transactions	8	2
Total transactions processed	9	9
Average expenditure per payment processing transaction	20	16
Average price per gallon of fuel	19	15
Average number of vehicles	10	6
Total MasterCard purchase volume[1]	26	52

(1) Total MasterCard purchase volume reflects the aggregate dollar value of MasterCard purchase transactions processed by us on behalf of our customers.

Variable costs associated with revenue include provision for credit losses, interest expense incurred to fund our accounts receivable and operational costs directly related to processing transactions.

The largest component of our fixed costs is the salaries and other costs related to our approximately 620 employees, who are primarily located in our corporate headquarters in South Portland, Maine and our bank facility located in Salt Lake City, Utah. Our sales force is positioned in strategic locations throughout the United States. Our remaining fixed costs consist primarily of expenses related to our technology platform and expenses related to servicing the transactions we process and providing customer support.

On the date of this prospectus, we granted restricted stock units relating to approximately 347,000 shares of our common stock under the 2005 Equity and Incentive Plan. We expect to incur compensation expense of approximately $1.6 million in each of the fiscal years ending December 31, 2005, 2006, 2007 and 2008 relating to such grants. Accordingly, we have included $1.6 million of compensation expense in our unaudited pro forma combined statement of income.

Cendant restricted stock units and stock options currently held by our officers and employees will be cancelled and converted into awards relating to our common stock under our 2005 Equity and

Incentive Plan. We will issue approximately 269,000 shares of our common stock in exchange for unvested Cendant restricted stock units currently held by our officers and employees. We also will issue vested stock options to purchase approximately 540,000 shares of our common stock in exchange for vested and unvested Cendant stock options currently held by our officers and employees. These amounts assume the conversion of all outstanding Cendant restricted stock units and stock options held by our officers and employees. We will incur a one-time additional compensation expense of approximately $5.8 million for the fiscal year ending December 31, 2005 as a result of the conversion of Cendant restricted stock units and stock options. This one-time charge will eliminate the annual expense related to the restricted stock units.

Trends that have affected our results of operations

In reading our combined financial statements, you should be aware of the following factors and trends that our management believes are important in understanding our financial performance:

Fuel prices: Approximately 64% of total revenues in 2004 was derived from processing transactions for the purchase of fuel. Changes in retail fuel prices closely correlate with the average customer expenditure per payment processing transaction, which directly affects our revenues and net income. Because fuel is a required commodity for most vehicle fleets, our transaction volumes have not historically been significantly affected by changes in retail fuel prices. Although we expect the number of fuel transactions we process and the average number of gallons per transaction to continue to increase over time, we cannot predict changes in retail fuel prices.

Interest rates: We fund our accounts receivables by raising deposits and borrowing federal funds, on which we pay interest. Changes in short-term interest rates will affect the rate we pay on these borrowings and, accordingly, our earnings.

Credit losses: Changes in economic conditions may impact the credit losses we may recognize on our accounts receivable, thereby affecting our earnings.

Competition: Our industry has become increasingly competitive. We anticipate this competition may create downward pricing pressure, and, as a result, we may experience lower fees collected for similar services. We intend to offset some of this pressure through enhanced product and service offerings.

Results of operations

Year ended December 31, 2004 as compared to year ended December 31, 2003

We processed 205.8 million transactions in 2004, an increase of 9% from 189.1 million transactions processed in 2003. We experienced an increase in the number of transactions we processed, primarily due to an increase in the average number of vehicles for which we provide services, which grew 10% to 3.7 million in 2004 from 3.4 million in 2003. The increase in vehicles

resulted from a net increase in the average number of fleets for which we provided services to 274,000 in 2004 from 236,000 in 2003. Of these increases, 2.0 million transactions and 155,000 vehicles were due to the addition of new accounts from one of our existing private label strategic relationships and one new private label strategic relationship.

Payment processing revenue: Payment processing revenue was $130.0 million in 2004, an increase of 23% from $105.3 million in 2003. This increase was driven by a 9% increase in the number of payment processing transactions to 145.6 million from 133.2 million in 2003, and a 20% increase in

the average expenditure per payment processing transaction. The average expenditure per payment processing transaction was $36.07 in 2004, up from $29.98 in 2003. This increase was primarily driven by a 19% increase in the average price per gallon of fuel to $1.84 for 2004 from $1.55 in 2003, with the remainder resulting from growth in the average number of gallons purchased per transaction.

Transaction processing revenue: Transaction processing revenue was $18.1 million in 2004, an increase of 10% from $16.5 million in 2003. This increase was driven by the number of transaction processing transactions in 2004, which grew 8% to 60.2 million from 55.9 million in 2003. Transaction processing volume growth was largely due to the addition of a new strategic relationship which began in August 2003 and the expansion of existing relationships to encompass additional vehicles, resulting in a 155,000 increase in the average number of vehicles for which we provided services in 2004 as compared to 2003.

Account servicing revenue: Account servicing revenue was $21.2 million in 2004, an increase of 11% from $19.1 million in 2003. This increase was primarily due to an increase in the average number of vehicles for which we provided services.

Finance fees: Finance fees were $9.6 million in 2004, an increase of 26% from $7.7 million in 2003. Effective July 2003, we began to assess finance fees on the average daily balances for the month once an account became past due. Prior to July 2003, we assessed finance fees only on past-due balances.

Other revenue: Other revenue was $10.2 million in 2004, an increase of 22% from $8.4 million in 2003. Marketing fees increased $0.6 million due to an increase in the number of strategic relationships for which we collected marketing fees during the 2004 period. We received $0.5 million of revenue from MasterCard for attaining targeted purchase volume levels in 2004 and received no such revenue in 2003. Investment income on our available-for-sale securities represented an increase of $0.4 million in the 2004 period from 2003.

Salary and other personnel: Salary and other personnel expenses were $49.4 million in 2004, an increase of 5% from $47.2 million in 2003. Total salaries and other personnel expenses remained relatively constant for the comparable periods. We capitalize salary and related costs associated with the development of proprietary software and the increase in salary and other personnel expenses in the 2004 period primarily reflects a decrease in the amount of these costs that were capitalized. Capitalized payroll was $2.2 million in 2004, a decrease of $2.7 million from $4.9 million in 2003. The decrease in capitalized payroll costs reflects a reduction in software development-related salaries as our upgraded technology platform nears completion. In addition, commissions increased $0.4 million for 2004, offset by a reduction in amounts paid to outside contractors of $1.1 million.

Service fees: Our service fees were $9.5 million in 2004, a decrease of 1% from $9.7 million in 2003. The decrease in service fees was due to a reduction of $1.1 million in fees paid to a broker in connection with our MasterCard product. During May 2003, a contract amendment effectively terminated these fees. Offsetting this reduction was a $0.7 million increase in costs associated with processing MasterCard transactions due to increased transaction volume and a $0.3 million increase in audit fees.

Provision for credit losses: Our provision for credit losses was $8.1 million in 2004, a decrease of 14% from $9.4 million in 2003. This decrease resulted from a $2.4 million decline in charge-offs of delinquent accounts in 2004, offset by a $2.2 million increase due to higher accounts

receivable balances in 2004, and a decrease in MasterCard credit losses of $1.1 million. The decline in charge-offs is due to a number of factors, including improved overall credit performance of our accounts receivables and improved economic conditions. The decrease in MasterCard losses is the result of improved operational efficiency in our second year offering Jackson Hewitt stored value cards. We provide customers of Jackson Hewitt Tax Service Inc. a stored value card branded with the Jackson Hewitt name. Customers are able to credit the proceeds of their tax refunds or loans made in anticipation of their tax refunds to these cards in place of paper checks. We do not fund these accounts. Customers may use the card to obtain cash at an automated teller machine or to make retail purchases at any location that accepts MasterCard debit cards.

Depreciation and amortization: Our depreciation and amortization was $7.4 million in 2004, an increase of 1% from $7.3 million in 2003. As we near completion of our updated technology platform and place more of this new technology into operation, we expect that our depreciation and amortization expense will increase in future periods.

Interest expense, net: Our interest expense, net of interest income, was $2.4 million in 2004, a decrease of 14% from $2.8 million in 2003. This decrease was due to increased interest income on related-party receivables. Following this offering, we expect higher financing interest expense due to new indebtedness to be raised concurrently with the closing of this offering and lower interest income due to the elimination of related-party receivables, as reflected in our pro forma financial statements presented elsewhere in this prospectus. We also expect to have higher operating interest expense due to a decrease in excess capital at our bank subsidiary, resulting in an increase in the issuance of certificates of deposit.

All other expenses: All of our other expenses were $28.1 million in 2004, an increase of 19% from $23.6 million in 2003. This increase resulted from a $2.1 million increase in technology leasing and support expenses and a $0.8 million increase in occupancy and equipment costs, in each case, primarily associated with our updated technology platform. We also experienced a $0.4 million increase in postage and shipping costs.

Provision for income taxes: Our effective tax rate, which remained relatively constant, was 39.1% and 39.2% for 2004 and 2003, respectively.

Year ended December 31, 2003 as compared with year ended December 31, 2002

We processed 189.1 million transactions in 2003, an increase of 9% from 173.9 million transactions processed in 2002. We experienced an increase in the number of transactions we processed, primarily due to an increase in the average number of vehicles for which we provided services, which grew 6% to 3.4 million in 2003 from 3.2 million in 2002. The increase in vehicles resulted from a combination of a net increase in the average number of fleets for which we provided services from 202,000 in 2002 to 236,000 in 2003 and increases in the number of vehicles in existing fleets, primarily due to an expansion of an existing strategic relationship in 2003.

Payment processing revenue: Payment processing revenue was $105.3 million in 2003, an increase of 26% from $83.7 million in 2002. This increase was driven by a 12% increase in the number of payment processing transactions to 133.2 million from 119.2 million in 2002, and a 16% increase in the average expenditure per payment processing transaction. The average expenditure per payment processing transaction was $29.98 in 2003, up from $25.88 in 2002. This increase was primarily driven by a 15% increase in the average price of fuel to $1.55 from $1.35 for 2002, with the remainder resulting from growth in the average number of gallons per transaction. Payment

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processing revenue also increased $1.3 million from increased expenditures on our MasterCard charge cards and $0.6 million as a result of the launch of our stored value card product.

Transaction processing revenue: Transaction processing revenue was $16.5 million in 2003, an increase of 38% from $11.9 million in 2002. This increase was driven by the number of transaction processing transactions in 2003, which grew 2% to 55.9 million from 54.7 million in 2002, due to the addition of a new strategic relationship which began in August 2003, resulting in an increase of 92,000 average vehicles for which we provided services for the last five months of 2003. We also experienced a significant increase in our average revenue per transaction processing transaction during 2003. This increase was due to a one-time payment of $1.0 million received from an existing strategic relationship due to contractual changes effected in April 2003, which included a higher average transaction fee that was retroactively applied to all transactions associated with this relationship for the preceding 12 months. We were able to negotiate a higher average transaction fee with this strategic relationship due to the service-intensive nature of this company and its fleet customers. However, there are no other fees, such as account servicing and finance fees, associated with this company as there are with most others. In addition, we began offering our stored value card product in 2003, which contributed $1.5 million to transaction processing revenue.

Account servicing revenue: Account servicing revenue was $19.1 million in 2003, an increase of 6% from $18.0 million in 2002. This increase was primarily due to an increase in the average number of vehicles for which we provided services.

Finance fees: Finance fees were $7.7 million in 2003, an increase of 40% from $5.5 million in 2002. This increase was due to a change in how finance fees were assessed beginning in July 2003. Effective July 2003, we began to assess finance fees on the average daily balances for the month once an account became past due. Prior to July 2003, we assessed finance fees on past-due balances only.

Other revenue: Other revenue was $8.4 million in 2003, an increase of 13% from $7.4 million in 2002. Marketing fees increased $0.3 million due to an increase in the number of fleets for which we collected marketing fees during the 2003 period. In addition, ancillary fees increased by $0.7 million in 2003 as compared to the prior year.

Salary and other personnel: Salary and other personnel expenses were $47.2 million in 2003, an increase of 12% from $42.1 million in 2002. This increase was primarily due to one-time severance payments and long-term incentive agreements made with key employees of $1.3 million, raises to existing employees and salaries for new employees of $1.7 million, higher benefit costs of $1.0 million and additional usage of contractors of $1.3 million to meet the short-term resource needs related to our new technology project.

Service fees: Our service fees were $9.7 million in 2003, an increase of 90% from $5.1 million in 2002. The increase was due to $3.1 million of service fees primarily related to the launch of our stored value card product.

Provision for credit losses: Our provision for credit losses was $9.4 million, an increase of $4.5 million from $5.0 million in 2002. This increase was comprised of a $1.9 million increase due to higher net charge-offs in 2003, a $1.1 million increase due to higher accounts receivable balances in 2003, a $0.9 million increase due to increased purchase volume on our MasterCard products and a $0.5 million reserve against a preference claim asserted against us by Enron Corporation. The increase in charge-offs is primarily due to an adverse collection and recovery environment

due to the trailing impact of the economic downturn in the United States. The economic downturn also led to an increase in the number of bankruptcies and average dollar amount of bankruptcies among our customers. The increase in MasterCard products is due to the inception of our Jackson Hewitt stored value card program and an increase in the overall purchase volume of our MasterCard products.

Depreciation and amortization: Our depreciation and amortization was $7.3 million in 2003, a decrease of 10% from $8.1 million in 2002. This decrease was primarily due to intangibles whose amortizable lives ended June 2002.

Interest expense, net: Our interest expense, net of interest income, was $2.8 million in 2003, a decrease of 31% from $4.1 million in 2002. This decrease was due to increased income on related-party receivables and a decrease in our average interest rate on deposits and borrowed federal funds of approximately 1.15%. Following this offering, we expect higher financing interest expense, due to new indebtedness raised concurrently with the closing of this offering and lower interest income due to the elimination of related-party receivables, as reflected in our pro forma financial statements presented elsewhere in this prospectus. We also expect to have higher operating interest expense due to a decrease in excess capital at our bank subsidiary, resulting in an increase in the issuance of certificates of deposit.

All other expenses: All of our other expenses were $23.6 million in 2003, an increase of 6% from $22.2 million in 2002. The largest component of this increase was a $0.6 million increase in technology leasing and support expenses associated with our upgraded technology platform. In addition, we incurred increased expenses pertaining to postage and shipping, occupancy and equipment and for marketing campaigns.

Provision for income taxes: Our effective tax rate, which remained relatively constant for 2003 and 2002, was 39.2% and 39.1%, respectively.

Financial condition

Our asset and liability account balances are correlated with retail fuel prices. Accordingly, an increase in fuel prices, such as the increase from December 2003 to December 2004, typically leads to higher balances of accounts receivable, accounts payable and deposits and borrowed federal funds. Due to differences in the timing of payments received by us from customers and payments remitted by us to fuel merchants, on any given balance sheet date, the impact of fuel price changes may have a disproportionate impact on changes to any of the aforementioned balances. However, over time these account balances tend to increase in relative proportion to each other as a result of fuel price and customer purchase volume changes.

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Our financial condition at December 31, 2004 and December 31, 2003 is summarized below:

(in thousands)	December 31, 2004	December 31, 2003	Change
Assets			
Cash and cash equivalents	$ 31,806	$ 22,134	$ 9,672
Accounts receivable, net	447,169	302,317	144,852
Due from related parties	134,182	63,087	71,095
Goodwill and intangible assets, net	137,468	137,468	
All other assets	62,064	58,604	3,460
Total assets	$ 812,689	$ 583,610	$ 229,079
Liabilities and member s equity			
Accounts payable	$ 197,647	$ 125,666	$ 71,981
Accrued expenses	17,410	9,788	7,622
Deposits and borrowed federal funds	221,457	115,784	105,673
Due to related parties	91,466	72,476	18,990
All other liabilities	459	1,564	(1,105)
Total liabilities	528,439	325,278	203,161
Member s equity	284,250	258,332	25,918
Total liabilities and member s equity	$ 812,689	$ 583,610	$ 229,079

Total assets increased $229.1 million to $812.7 million as of December 31, 2004 from $583.6 million as of December 31, 2003. This increase was primarily due to growth of our accounts receivable, which increased $144.9 million, or 48%, primarily due to a 28% increase in the average price per gallon of fuel to $1.90 in December 2004 from $1.49 in December 2003 and a 15% increase in the daily average gallons of fuel funded for the same monthly periods. Due from related parties increased $71.1 million, due primarily to cash generated by our operations which is invested by our parent company. Other assets increased $3.5 million, which was primarily comprised of a $1.7 million increase in prepaid expenses.

Total liabilities increased $203.2 million to $528.4 million as of December 31, 2004 from $325.3 million as of December 31, 2003. This increase was primarily due to growth in accounts payable, deposits and borrowed federal funds, which in the aggregate increased by $177.7 million related to the growth in our accounts receivable. Due to related parties increased $19.0 million, due to an increase of $33.8 million in taxes payable for our earnings for the year ended December 31, 2004, partially offset by the repayment of $20.0 million of related-party debt.

Member s equity increased $25.9 million to $284.3 million as of December 31, 2004 from $258.3 million as of December 31, 2003, as a result of net income during the year ended December 31, 2004, offset by $25.3 million of dividends paid to Cendant for the same period.

Liquidity and capital resources

Our liquidity requirements have historically consisted, and we expect that they will continue to consist, of capital expenditures, working capital and business development expenses.

Operating requirements

We fund our operating requirements primarily through cash flows generated from our operations and the issuance of certificates of deposit, escrow deposits in the form of money

market deposits, customer deposits and borrowed federal funds through our bank subsidiary. In addition, as discussed under New indebtedness below, concurrently with the closing of this offering, we intend to enter into a five-year revolving credit facility that will provide for borrowings of up to $130.0 million, of which $50.0 million will be used to fund a part of the cash portion of the special dividend and $33.8 million will be used to support letters of credit. The remainder will be available to fund our operating requirements. We require cash to fund accounts receivable related to our payment processing transactions. We fund customer transactions for an average of less than 30 days. Our operating requirements are significantly impacted by changes in fuel prices. Specifically, rising fuel prices will cause our accounts receivable balances to grow, adversely affecting the cash provided by operating activities, while decreasing fuel prices will have the opposite effect. Historically, we have not experienced shortfalls in funding our operating requirements.

Long-term funding requirements

We expect to fund the growth of our business through cash flow from financing activities. We expect to assess our financing alternatives periodically and access the capital markets opportunistically. If our existing resources are insufficient to satisfy our liquidity requirements, or if we enter into an acquisition or strategic arrangement with another company, we may need to sell additional equity or debt securities. Any sale of additional equity or debt securities may result in additional dilution to our stockholders, and we cannot be certain that additional public or private financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain this additional financing, we may be required to delay, reduce the scope of, or eliminate one or more aspects of our business development activities, which could harm the growth of our business.

Our actual liquidity and capital funding requirements may depend on numerous factors, including:

- regulatory requirements;
- the extent to which our services gain increased acceptance and remain competitive; and
- the costs and timing of acquisitions of complementary businesses.

New indebtedness

Concurrently with the closing of this offering, we intend to enter into a credit agreement consisting of a five-year term loan in the amount of $220.0 million and a five-year revolving credit facility that will provide for borrowings of up to $130.0 million. The term loan and revolving credit facility will bear interest at floating rates tied to either the Prime Rate or LIBOR.

The net proceeds from the term loan and $50.0 million of borrowings under our revolving credit facility will be used to fund part of the cash portion of the special dividend to Cendant and $33.8 million will be used to support letters of credit. The purpose of the special dividend is to benefit Cendant in connection with its disposition of its entire ownership interest in us. Borrowings under the

revolving credit facility will be available for general corporate purposes and potential acquisitions.

Our new credit agreement will contain various financial covenants requiring us to maintain certain financial ratios. Specifically, our new credit agreement will contain financial covenants requiring us

to maintain a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio at the end of each fiscal quarter. The credit agreement will require us to maintain a maximum consolidated leverage ratio of 3.50 to 1.00 at the end of each fiscal quarter until September 30, 2005, 3.00 to 1.00 at the end of each fiscal quarter until September 30, 2006, 2.50 to 1.00 at the end of each fiscal quarter until September 30, 2007, 2.00 to 1.00 at the end of each fiscal quarter until September 30, 2008 and 1.50 to 1.00 at the end of each fiscal quarter until the maturity date. The credit agreement will also require us to maintain a minimum consolidated fixed charge coverage ratio of 1.25 to 1.00 at the end of each fiscal quarter until December 31, 2006 and 1.50 to 1.00 at the end of each fiscal quarter until the maturity date. In addition, the credit agreement will contain various customary restrictive covenants that will limit our and our subsidiaries   ability to, among other things, (i) pay dividends, (ii) sell or transfer all or substantially all of our property or assets, (iii) incur more indebtedness or make guarantees, (iv) grant or incur liens on our assets, (v) make investments, loans, advances or acquisitions, (vi) engage in mergers, consolidations, liquidations or dissolutions, (vii) engage in transactions with our affiliates, (viii) enter into sales or leasebacks and (ix) change our accounting policies or reporting practices. Our bank subsidiary will not be subject to certain of these restrictions.

Cash flows

The following table summarizes our cash flow activities for the years ended December 31, 2004 and 2003, respectively:

Year ended December 31, (in thousands)	**2004**	**2003**	**Change**
Cash provided by (used in):			
Operating activities	$ (40,615)	$ 12,669	$ (53,284)
Investing activities	(10,107)	(30,840)	20,733
Financing activities	60,394	25,866	34,528
Net change in cash and cash equivalents	$ 9,672		