WEX Inc.
Form 10-Q
July 31, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from to

Commission file number: 001-32426

WEX INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	01-0526993 (I.R.S. Employer Identification No.)
97 Darling Avenue, South Portland, Maine (Address of principal executive offices)	04106 (Zip Code)

(207) 773-8171
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 24, 2015
Common Stock, $0.01 par value per share	38,652,393 shares

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for statements that are forward-looking and are not statements of historical facts. This Quarterly Report includes forward-looking statements including, but not limited to, statements about management's plan and goals. Any statements in this Quarterly Report that are not statements of historical facts are forward-looking statements. When used in this Quarterly Report, the words "may," "could," "anticipate," "plan," "continue," "project," "intend," "estimate," "believe," "expect" and similar expressions are inten identify forward-looking statements, although not all forward-looking statements contain such words.

Forward-looking statements relate to our future plans, objectives, expectations and intentions and are not historical facts and accordingly involve known and unknown risks and uncertainties and other factors that may cause the actual results or performance to be materially different from future results or performance expressed or implied by these forward-looking statements. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Quarterly Report, in press releases and in oral statements made by our authorized officers: the effects of general economic conditions on fueling patterns, payments, transaction processing activity and the commercial activity of fleets; the effects of the Company's business expansion and acquisition efforts; the Company's failure to successfully integrate the businesses it has acquired; the failure of corporate investments to result in anticipated strategic value; the impact and size of credit losses; the impact of changes to the Company's credit standards; breaches of the Company's technology systems and any resulting negative impact on our reputation, or liabilities, or loss of relationships with customers or merchants; fuel price volatility and changes in fleet fuel efficiency; the Company's failure to maintain or renew key agreements; failure to expand the Company's technological capabilities and service offerings as rapidly as the Company's competitors; the actions of regulatory bodies, including banking and securities regulators, or possible changes in banking regulations impacting the Company's industrial bank and the Company as the corporate parent; the impact of foreign currency exchange rates on the Company's operations, revenue and income; changes in interest rates; the impact of the Company's outstanding notes on its operations; financial loss if the Company determines it necessary to unwind its derivative instrument

position prior to the expiration of a contract; the incurrence of impairment charges if our assessment of the fair value of certain of our reporting units changes; the uncertainties of litigation; as well as other risks and uncertainties identified in Item 1A of our Annual Report for the year ended December 31, 2014, filed on Form 10-K with the Securities and Exchange Commission on February 26, 2015. Our forward-looking statements and these factors do not reflect the potential future impact of any, alliance, merger, acquisition, disposition or stock repurchases. The forward-looking statements speak only as of the date of the initial filing of this Quarterly Report and undue reliance should not be placed on these statements. We disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

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PART I
Item 1. Financial Statements.
WEX INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$184,332	$284,763
Accounts receivable (less reserve for credit losses of $9,665 in 2015 and $13,919 in 2014)	1,972,141	1,865,538
Securitized accounts receivable, restricted	104,259	—
Income taxes receivable	—	6,859
Available-for-sale securities	18,672	18,940
Fuel price derivatives, at fair value	16,668	40,969
Property, equipment and capitalized software (net of accumulated depreciation of $176,950 in 2015 and $169,382 in 2014)	114,729	105,596
Deferred income taxes, net	11,415	5,764
Goodwill	1,089,271	1,117,149
Other intangible assets, net	461,727	497,297
Other assets	206,559	175,506
Total assets	$4,179,773	$4,118,381
Liabilities and Stockholders' Equity		
Accounts payable	$596,526	$425,956
Accrued expenses	125,865	137,227
Income taxes payable	3,032	—
Deposits	905,193	979,553
Securitized debt	89,176	—
Borrowed federal funds	50,500	—
Revolving line-of-credit facilities and term loan	720,970	901,564
Deferred income taxes, net	58,766	44,004
Notes outstanding	400,000	400,000
Other debt	51,446	52,975
Amounts due under tax receivable agreement	64,516	69,637
Other liabilities	10,837	13,154
Total liabilities	3,076,827	3,024,070
Commitments and contingencies (Note 14)		
Redeemable non-controlling interest	14,992	16,590
Stockholders' Equity		
Common stock $0.01 par value; 175,000 shares authorized; 43,077 shares issued in 2015 and 43,021 in 2014; 38,745 shares outstanding in 2015 and 38,897 in 2014	431	430
Additional paid-in capital	183,655	179,077
Non-controlling interest	13,165	17,396
Retained earnings	1,130,567	1,081,730
Accumulated other comprehensive income	(67,522)	(50,581)
Less treasury stock at cost; 4,428 shares in 2015 and 4,218 shares in 2014	(172,342)	(150,331)
Total stockholders' equity	1,087,954	1,077,721

Total liabilities and stockholders' equity	$4,179,773	$4,118,381

See notes to unaudited condensed consolidated financial statements.

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WEX INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues				
Fleet payment solutions	$135,520	$145,828	$264,010	$281,263
Other payment solutions	78,133	55,753	151,928	102,386
Total revenues	213,653	201,581	415,938	383,649
Expenses				
Salary and other personnel	59,091	43,426	117,508	87,328
Restructuring	—	—	8,559	—
Service fees	33,941	27,831	64,011	54,136
Provision for credit losses	3,983	6,803	7,897	15,893
Technology leasing and support	10,021	7,151	19,455	14,178
Occupancy and equipment	5,034	3,761	10,031	8,127
Depreciation, amortization and impairment	20,759	15,176	42,146	30,194
Operating interest expense	1,357	1,599	2,936	2,887
Cost of hardware and equipment sold	684	2,255	1,793	3,203
Other	15,865	13,250	31,659	25,837
Gain on divestiture	—	—	(1,215)	—
Total operating expenses	150,735	121,252	304,780	241,783
Operating income	62,918	80,329	111,158	141,866
Financing interest expense	(11,916)	(7,276)	(24,004)	(14,632)
Net foreign currency (loss) gain	(2,161)	1,238	(6,537)	2,271
Net realized and unrealized loss on fuel price derivative instruments	(6,000)	(7,561)	(3,251)	(5,716)
Income before income taxes	42,841	66,730	77,366	123,789
Income taxes	16,441	23,881	30,933	44,860
Net income	26,400	42,849	46,433	78,929
Less: Net loss attributable to non-controlling interests	(92)	(484)	(2,404)	(946)
Net earnings attributable to WEX Inc.	$26,492	$43,333	$48,837	$79,875
Net earnings attributable to WEX Inc. per share:				
Basic	$0.68	$1.12	$1.26	$2.05
Diluted	$0.68	$1.11	$1.26	$2.05
Weighted average common shares outstanding:				
Basic	38,739	38,856	38,798	38,911
Diluted	38,799	38,946	38,880	39,031

See notes to unaudited condensed consolidated financial statements.

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WEX INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net income	$26,400	$42,849	$46,433	$78,929
Changes in available-for-sale securities, net of tax effect of $(82) and $88 for the three months ended June 30, 2015 and 2014 and $(29) and $131 for the six months ended June 30, 2015 and 2014	(140)	152	(49)	226
Foreign currency translation	8,749	7,883	(20,317)	22,662
Comprehensive income	35,009	50,884	26,067	101,817
Less: comprehensive income (loss)attributable to non-controlling interests	866	(8)	(5,829)	310
Comprehensive income attributable to WEX Inc.	$34,143	$50,892	$31,896	$101,507

See notes to unaudited condensed consolidated financial statements.

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WEX INC.
CONDENSED CONSOLIDATED
STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock							
	Shares	Amount at par	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Retained Earnings	Non-controlling interest in subsidiaries	Total Stockholders' Equity
Balance at December 31, 2013	38,987	$429	$ 168,891	$ (15,495)	$(130,566)	$879,519	$ 519	$903,297
Stock issued upon exercise of stock options	12	—	158	—	—	—	—	158
Tax benefit from stock option and restricted stock units	—	—	1,232	—	—	—	—	1,232
Stock issued upon vesting of restricted and deferred stock units	76	1	(1)	—	—	—	—	—
Stock-based compensation, net of share repurchases for tax withholdings		—	2,165	—	—	—	—	2,165
Purchase of shares of treasury stock	(211)	—	—	—	(19,765)	—	—	(19,765)
Changes in available-for-sale securities, net of tax effect of $131	—	—	—	226	—	—	—	226
Foreign currency translation	—	—	—	21,406	—	—	4	21,410
Non-controlling interest investment	—	—	—	—	—	—	1,033	1,033
Net income (loss)	—	—	—	—	—	79,875	(697)	79,178
Balance at June 30, 2014	38,864	$430	$ 172,445	$ 6,137	$(150,331)	$959,394	$ 859	$988,934
Balance at December 31, 2014	38,897	$430	$ 179,077	$ (50,581)	$(150,331)	$1,081,730	$ 17,396	$1,077,721
Stock issued upon exercise of stock options	2	—	24	—	—	—	—	24
Tax from stock option and restricted stock units	—	—	(234)	—	—	—	—	(234)
Stock issued upon vesting of restricted and deferred stock units	56	1	(1)	—	—	—	—	—

Stock-based compensation, net of share repurchases for tax withholdings	—	4,789	—	—	—	—	4,789	
Purchase of shares of treasury stock	(210)	—	—	—	(22,011)	—	—	(22,011)
Changes in available-for-sale securities, net of tax effect of ($29)	—	—	—	(49)	—	—	—	(49)
Foreign currency translation	—	—	—	(16,892)	—	—	(1,168)	(18,060)
Non-controlling interest investment	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	48,837	(3,063)	45,774
Balance at June 30, 2015	38,745	$431	$183,655	$(67,522)	$(172,342)	$1,130,567	$13,165	$1,087,954

See notes to unaudited condensed consolidated financial statements.

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WEX INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended June 30,	
	2015	2014
Cash flows from operating activities		
Net income	$46,433	$78,929
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Fair value change of fuel price derivatives	24,301	2,073
Stock-based compensation	7,160	5,540
Depreciation, amortization and impairment	43,687	31,383
Gain on divestiture	(1,215)	—
Deferred taxes	9,026	14,631
Foreign currency remeasurement	24,460	—
Restructuring charge	8,567	—
Provision for credit losses	7,897	15,893
Loss on disposal of property, equipment and capitalized software	119	338
Changes in operating assets and liabilities:		
Accounts receivable	(244,537)	(499,349)
Other assets	(32,769)	(4,647)
Accounts payable	177,671	181,664
Accrued expenses	(19,133)	7,289
Income taxes	10,130	(2,707)
Other liabilities	(3,661)	350
Amounts due under tax receivable agreement	(5,121)	(4,749)
Net cash provided by (used for) operating activities	53,015	(173,362)
Cash flows from investing activities		
Purchases of property, equipment and capitalized software	(27,701)	(22,604)
Purchases of available-for-sale securities	(174)	(2,654)
Maturities of available-for-sale securities	364	166
Proceeds from divestitures	17,265	—
Net cash used for investing activities	(10,246)	(25,092)
Cash flows from financing activities		
Excess tax benefits from equity instrument share-based payment arrangements	653	1,232
Repurchase of share-based awards to satisfy tax withholdings	(2,371)	(3,375)
Proceeds from stock option exercises	24	158
Net change in deposits	(73,079)	162,442
Net change in borrowed federal funds	50,500	—
Other debt	(482)	22,262
Net activity on 2014 revolving credit facility	(168,829)	—
Net change in securitized debt	90,382	—
Net activity on term loan	(13,750)	(7,500)
Purchase of shares of treasury stock	(22,011)	(19,765)
Net cash (used for) provided by financing activities	(138,963)	155,454

Effect of exchange rate changes on cash and cash equivalents	(4,237)	537
Net change in cash and cash equivalents	(100,431)	(42,463)
Cash and cash equivalents, beginning of period	284,763	361,486
Cash and cash equivalents, end of period	$184,332	$319,023
Supplemental cash flow information		
Interest paid	$25,391	$16,822
Income taxes paid	$11,309	$32,115

See notes to unaudited condensed consolidated financial statements.

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WEX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)
(unaudited)

1. Basis of Presentation

The acronyms and abbreviations identified below are used in the accompanying unaudited condensed consolidated financial statements and the notes thereto. The following is provided to aid the reader and provide a reference point when reviewing the unaudited condensed consolidated financial statements.

2011 Credit Agreement	Credit agreement entered into on May 23, 2011 among the Company, as borrower, WEX Card Holdings Australia Pty Ltd, a wholly-owned subsidiary of the Company, as specified designated borrower, Bank of America, N.A., as administrative agent and letter of credit issuer, and the other lenders party thereto
2013 Credit Agreement	Amended and restated credit agreement entered into on January 18, 2013 by and among the Company and certain of our subsidiaries, as borrowers, and WEX Card Holdings Australia Pty Ltd, as specified designated borrower, with a lending syndicate
2014 Amendment Agreement	Amendment and restatement agreement entered into on August 22, 2014, among the Company, the lenders party thereto, and Bank of America, N.A., as administrative agent
2014 Credit Agreement	Second amended and restated credit agreement entered into on August 22, 2014, by and among the Company and certain of our subsidiaries, as borrowers, and WEX Card Holding Australia
Adjusted Net Income or ANI	A non-GAAP metric that adjusts net earnings attributable to WEX Inc. to exclude fair value changes of fuel-price related derivative instruments, the amortization of purchased intangibles, the impact of net foreign currency gains and losses, the expense associated with stock-based compensation, acquisition related expenses, the net impact of tax rate changes on the Company's deferred tax asset and related changes in the tax-receivable agreement, deferred loan costs associated with the extinguishment of debt, certain non-cash asset impairment charges, restructuring charges, gains on the extinguishment of a portion of the tax receivable agreement, gains or losses on divestitures and adjustments attributable to non-controlling interests, as well as the related tax impacts of the adjustments
ASU 2014-09	Accounting Standards Update No. 2014-09 Revenue from Contracts with Customers (Topic 606)
ASU 2015-03	Accounting Standards Update No. 2015-03 Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs
ASU 2015-04	Accounting Standards Update No. 2015-04 Compensation—Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets
Company	WEX Inc. and all entities included in the unaudited condensed consolidated financial statements
European fleet business	Consist primarily of our European commercial fleet card portfolio acquired by the Company from ExxonMobil on December 1, 2014 ("Esso portfolio in Europe")
Evolution1	EB Holdings Corp. and its subsidiaries which includes Evolution1, Inc., acquired by the Company on July 16, 2014
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles in the United States
Indenture	

	Indenture dated as of January 30, 2013 among the Company, the guarantors listed therein, and The Bank of New York Mellon Trust Company, N.A., as trustee
NCI	Non-controlling interests
Notes	$400 million notes with a 4.75% fixed rate, issued on January 30, 2013
NOW deposits	Negotiable order of withdrawal deposits
Pacific Pride	Pacific Pride Services, LLC, previously a wholly owned subsidiary, sold on July 29, 2014
rapid! PayCard	rapid! PayCard, previously a line of business of the Company, sold on January 7, 2015
SEC	Securities and Exchange Commission
Securitization Subsidiary	Southern Cross WEX 2015-1 Trust, a bankruptcy-remote subsidiary consolidated by the Company
UNIK	UNIK S.A., the Company's Brazilian 51 percent majority owned subsidiary
WEX	WEX Inc.

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WEX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(in thousands, except per share data)
(unaudited)

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by GAAP for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the consolidated financial statements included in the Annual Report on Form 10-K of WEX Inc. for the year ended December 31, 2014. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements that are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 26, 2015. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for any future quarter(s) or the year ending December 31, 2015.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other liabilities approximate their respective fair values due to the short-term nature of such instruments. The carrying values of certificates of deposit, interest-bearing money market deposits, borrowed federal funds and credit agreement borrowings approximate their respective fair values as the interest rates on these financial instruments are variable. All other financial instruments are reflected at fair value on the condensed consolidated balance sheets.

2. New Accounting Standards

In May 2014, the FASB issued ASU 2014-09 related to revenue recognition, which will supersede most existing revenue recognition guidance under U.S. GAAP. The new revenue recognition standard requires entities to recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. On July 9, 2015, the the Board voted to defer the effective date by one year to interim and annual reporting periods beginning after December 15, 2017, and permitted early adoption of the standard, but not for periods beginning on or before the original effective date of December 15, 2016. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method.

In April 2015, the FASB issued ASU 2015-03 related to the simplification of the presentation of debt issuance costs. The standard requires entities to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The new standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. Entities would apply the new guidance retrospectively to all prior periods and provide the applicable disclosures for a change in accounting principal: (i) the nature of and reason for the change in accounting principle; (ii) the transition method; (iii) a description of the prior-period information that has been retrospectively adjusted; and, (iv) the effect of the change on the financial statement line item. The adoption of this standard affects presentation only and, as such, is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-04 related to using a practical expedient for the measurement date of an employer's defined benefit obligation and plan assets.The new standard gives an entity with a fiscal year-end that does not coincide with a calendar month-end the ability, as a practical expedient, to measure its defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. Additionally, the new standard provides guidance on accounting for (i) contributions to the plan and (ii) significant events that require a remeasurement (e.g., a plan amendment, settlement, or curtailment) that occur during the period between a month-end measurement date and the employer's fiscal year-end. An entity should reflect the effects of those contributions or significant events in the measurement of the retirement benefit obligations and related plan assets. As a separate

practical expedient, an entity may elect to measure the effects of a significant event as of the calendar month-end closest to the date of the significant event. The new standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted and the new standard should be applied prospectively. The Company does not believe that the adoption of ASU 2014-05 will have a material impact on its results of operations.

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WEX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(in thousands, except per share data)
(unaudited)

3. Business Acquisitions

Esso portfolio in Europe

On December 1, 2014, the Company acquired certain assets of the Esso portfolio in Europe through a majority owned subsidiary, WEX Europe Services Limited. The Company formed this entity during 2013 and has 75 percent ownership. The Company paid $379,458 in cash, which includes an $80,000 advance payment made in the third quarter of 2014. The transaction was financed through the Company's cash on hand and existing credit facility. Under the terms of the transaction, WEX purchased ExxonMobil's commercial fleet fuel card program which includes operations, funding, pricing, sales and marketing in nine countries in Europe. As part of the transaction, both parties have agreed to enter into a long term supply agreement to serve the current and future Esso Card customers and to grow the business. The Company entered into this transaction in order to expand its presence in the European market and to broaden its international footprint, while laying the foundation for further expansion.

During the fourth quarter of 2014, the Company obtained preliminary information to assist in determining the fair values of certain tangible and intangible assets acquired and liabilities assumed in the Esso portfolio in Europe transaction. During the first six months of 2015, the Company obtained additional information to assist in determining the fair values of certain tangible and intangible assets acquired and liabilities assumed as of the acquisition date. Based on such information, the Company retrospectively adjusted the fiscal year 2014 comparative information resulting in an increase in goodwill of $405, a decrease in accounts receivable of $2, a decrease in the customer relationship intangible asset of $374, a decrease in the licensing agreements intangible asset of $374, and an increase in other tangible assets and liabilities, net, including consideration receivable of $345. Based on such information, the Company recorded intangible assets and goodwill as described below. The Company is still reviewing the valuation as well as performing procedures to verify the completeness and accuracy of the data used in the independent valuation of all assets and liabilities. The Company has not finalized the purchase accounting. Goodwill related to this transaction is expected to be deductible for income tax purposes. The results of operations for the Esso portfolio in Europe are presented in the Company's Fleet Payment Solutions segment.

The following is a summary of the preliminary allocation of the purchase price to the assets and liabilities acquired:

Consideration paid (net of cash acquired and consideration receivable)	$379,458
Less:	
Accounts receivable	303,376
Other tangible assets and liabilities, net	(8,365)
Licensing agreements[(a)]	36,605
Customer relationships[(b)]	7,346
Recorded goodwill	$40,496

(a) Weighted average life – 4.6 years.
(b) Weighted average life – 7.2 years.

Supplemental pro forma financial information related to the Esso portfolio in Europe acquisition has not been provided as it would be impracticable to do so. Historical financial information regarding the acquired assets is not accessible and, thus, the amounts would require estimates to be significant and render the disclosure irrelevant.

Acquisition of Evolution1

On July 16, 2014, the Company acquired all of the outstanding stock of Evolution1, a leading provider of cloud-based technology and payment solutions within the healthcare industry, for approximately $532,174 in cash. The transaction was financed through the Company's cash on hand and existing credit facility. Evolution1 developed and operates an all-in-one, multi-tenant technology platform, card products, and mobile offering that supports a full range of healthcare account types. This includes consumer-directed payments for health savings accounts, health

reimbursement arrangements, flexible spending accounts, voluntary employee beneficiary associations, and defined contribution and wellness programs. The Company acquired Evolution1 to enhance the Company's capabilities and positioning in the growing healthcare market.

During the third quarter of 2014, the Company obtained preliminary information to assist in determining the fair values of certain tangible and intangible assets acquired and liabilities assumed in the Evolution1 acquisition. During the fourth quarter of 2014 and the first half of 2015, the Company obtained additional information to assist in determining the fair values of

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WEX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(in thousands, except per share data)
(unaudited)

certain tangible and intangible assets acquired and liabilities assumed as of the acquisition date. Based on such information, the Company retrospectively adjusted the fiscal year 2014 comparative information resulting in an increase in goodwill of $379, an increase in other tangible assets and liabilities of $127, and an increase in deferred income tax liabilities of $252. There were no changes to the previously reported consolidated statements of operations or statements of cash flows. The valuation of all assets and liabilities have been finalized. Evolution1 had previously recorded goodwill on its financial statements from a prior acquisition, some of which is expected to be deductible for tax purposes. The results of operations for Evolution1 are presented in the Company's Other Payment Solutions segment.

The following is a summary of the allocation of the purchase price to the assets and liabilities acquired:

Consideration paid (net of cash acquired)	$532,174
Less:	
Accounts receivable	8,418
Accounts payable	(175)
Deferred tax liabilities, net	(68,768)
Other tangible assets and liabilities, net	(3,712)
Acquired software and developed technology[(a)]	70,000
Customer relationships[(b)]	211,000
Trade name[(c)]	7,900
Trade name[(d)]	11,000
Recorded goodwill	$296,511

(a) Weighted average life – 6.4 years.
(b) Weighted average life – 9.7 years.
(c) Weighted average life – 9.9 years.
(d) Indefinite-lived

The following represents unaudited pro forma operational results as if Evolution1 had been included in the Company’s unaudited condensed consolidated statements of operations as of the beginning of the fiscal periods ended:

	Three Months Ended June 30, 2014	Six months Ended June 30, 2014
Revenue	$222,741	$428,011
Net income attributable to WEX Inc.	$37,180	$71,317
Pro forma net income attributable to WEX Inc. per common share:		
Net income per share – basic	$0.96	$1.83
Net income per share – diluted	$0.95	$1.83

The pro forma financial information assumes that the companies were combined as of January 1, 2013, and includes the business combination accounting impact from the acquisition, including acquisition related expenses, amortization charges from acquired intangible assets, interest expense for debt incurred in the acquisition and net income tax effects. The pro forma results of operations do not include any cost savings or other synergies that may result from the acquisition or any estimated integration costs that have been or will be incurred by the Company. The pro forma information as presented above is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal year 2014.

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4. Sale of Subsidiary and Assets

rapid! PayCard

On January 7, 2015, the Company sold the assets of its operations of rapid! PayCard for $20,000, subject to final working capital adjustments which resulted in a pre-tax gain of approximately $1,215. The Company's primary focus in the U.S. continues to be in the fleet, travel, and healthcare industries. As such, the Company divested the operations of rapid! PayCard. The operations of rapid! PayCard were not material to the Company's annual revenue, net income or earnings per share. The Company does not view this divestiture as a strategic shift in its Other Payment Solution segment.

Pacific Pride

On July 29, 2014, the Company sold its wholly owned subsidiary Pacific Pride for $49,664, which resulted in a pre-tax gain of $27,490. The transfer of the operations of Pacific Pride occurred on July 31, 2014. The Company decided to sell the operations of Pacific Pride as it did not align with the long-term strategy of the core fleet business. The operations of Pacific Pride were not material to the Company's annual revenue, net income or earnings per share. Simultaneously with the sale, the Company entered into a multi-year agreement with the buyer that will continue to allow WEX branded card acceptance at Pacific Pride locations. The Company does not view this divestiture as a strategic shift in its Fleet Payment Solution segment.

The following is a summary of the allocation of the assets and liabilities sold:

Consideration received	$49,664
Less:	
Expenses associated with the sale	1,340
Accounts receivable	48,699
Accounts payable	(53,001)
Other tangible assets and liabilities, net	828
Customer relationships	3,727
Trademarks and trade name	1,444
Goodwill	19,137
Gain on sale	$27,490

5. Reserves for Credit Losses

In general, the Company’s trade receivables provide for payment terms of 30 days or less. The portfolio of receivables consists of a large group of smaller balance homogeneous amounts that are collectively evaluated for impairment. No customer made up more than seven percent of the outstanding receivables at June 30, 2015.

Receivables are generally written off when they are 150 days past due or declaration of upon bankruptcy by the customer. The Company considers whether to adjust the reserve that is calculated by the analytic model primarily based on other factors, such as the actual charge-offs for the preceding reporting periods, expected charge-offs and recoveries for the subsequent reporting periods, a review of accounts receivable balances which become past due, changes in customer payment patterns, known fraudulent activity in the portfolio, as well as leading economic and market indicators.

As of June 30, 2015, approximately 98 percent of the outstanding balance of total trade accounts receivable was less than 60 days past due. As of June 30, 2014, approximately 99 percent of the total trade accounts receivable outstanding balance was less than 60 days past due.

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The following table presents changes in reserves for credit losses related to accounts receivable:

	Six months ended June 30,	
	2015	2014
Balance, beginning of period	$13,919	$10,396
Provision for credit losses	7,897	15,893
Charge-offs	(15,019)	(17,515)
Recoveries of amounts previously charged-off	2,931	3,644
Currency translation	(63)	119
Balance, end of period	$9,665	$12,537

6. Goodwill and Other Intangible Assets

Goodwill

The changes in goodwill during the first six months of 2015 were as follows:

	Fleet Payment Solutions Segment	Other Payment Solutions Segment	Total
Gross goodwill, January 1, 2015	$759,855	$374,424	$1,134,279
Impact of foreign currency translation	(13,409)	(1,558)	(14,967)
Disposal of certain assets	(147)	(12,386)	(12,533)
Gross goodwill, June 30, 2015	746,299	360,480	1,106,779
Accumulated impairment, June 30, 2015	(1,337)	(16,171)	(17,508)
Net goodwill, June 30, 2015	$744,962	$344,309	$1,089,271

As described in Note 3, the Company adjusted the amount of goodwill as of December 31, 2014 in the accompanying unaudited condensed consolidated balance sheet to account for the measurement period adjustments to the Esso portfolio in Europe purchase price allocation.

The Company had no impairments to goodwill during the six months ended June 30, 2015.

Management is currently evaluating its internal reporting structure and is in the process of determining the impact of the changes on the Company’s segment and goodwill reporting.

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Other Intangible Assets
The changes in other intangible assets during the first six months of 2015 were as follows:

	Net Carrying Amount, January 1, 2015	Amortization	Disposals	Impact of foreign currency translation	Net Carrying Amount, June 30, 2015
Definite-lived intangible assets					
Acquired software and developed technology	$119,509	$ (5,758)	$—	$(1,597)	$ 112,154
Customer relationships	309,450	(15,390)	(2,329)	(3,389)	288,342
Licensing agreements	35,341	(2,128)	(164)	(2,934)	30,115
Patent	1,245	(309)	—	117	1,053
Trade names	15,373	(590)	(723)	(118)	13,942
Indefinite-lived intangible assets					
Trademarks and trade names	16,379	—	—	(258)	16,121
Total	$497,297	$ (24,175)	$(3,216)	$(8,179)	$ 461,727

The following table presents the estimated amortization expense related to the definite-lived intangible assets listed above for the remainder of 2015 and for each of the five succeeding fiscal years:

Remaining 2015	$24,190
2016	$47,760
2017	$47,406
2018	$43,946
2019	$40,623
2020	$37,201

Other intangible assets, net consist of the following:

	June 30, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets						
Acquired software and developed technology	$148,481	$(36,327)	$ 112,154	$150,458	$(30,949)	$ 119,509
Customer relationships	382,723	(94,381)	288,342	393,942	(84,492)	309,450
Licensing agreements	32,590	(2,475)	30,115	35,726	(385)	35,341
Patent	2,552	(1,499)	1,053	2,697	(1,452)	1,245
Trademarks and trade names	16,675	(2,733)	13,942	17,786	(2,413)	15,373
	$583,021	$(137,415)	445,606	$600,609	$(119,691)	480,918
Indefinite-lived intangible assets						
Trademarks and trade names			16,121			16,379
Total			$ 461,727			$ 497,297

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7. Earnings per Share

The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the three and six months ended June 30, 2015 and 2014:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net earnings attributable to WEX Inc. available for common stockholders – Basic and Diluted	$26,492	$43,333	$48,837	$79,875
Weighted average common shares outstanding – Basic	38,739	38,856	38,798	38,911
Unvested restricted stock units	43	68	65	96
Stock options	17	22	17	24
Weighted average common shares outstanding – Diluted	38,799	38,946	38,880	39,031

No material amount of shares were considered anti-dilutive during the periods reported.

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8. Derivative Instruments

The Company is exposed to certain market risks relating to its ongoing business operations. Derivative instruments are utilized to manage the Company's commodity price risk. The Company enters into put and call option contracts related to the Company's commodity price risk, which are based on the wholesale price of gasoline and the retail price of diesel fuel and settle on a monthly basis. These put and call option contracts, or fuel price derivative instruments, are designed to reduce the volatility of the Company's cash flows associated with its fuel price-related earnings exposure in North America.

During the fourth quarter of 2014 the Company suspended purchases under its fuel derivatives program due to unusually low prices in the commodities market. Management will continue to monitor the fuel price market and evaluate its alternatives as it relates to this hedging program. For the third quarter of 2015, the Company has purchased fuel price sensitive derivative instruments to hedge approximately 60 percent of our anticipated U.S. fuel-price related earnings exposure. For the fourth quarter of 2015 and first quarter of 2016, the amount hedged declines to 40 percent and 20 percent, respectively. At this time, there are no hedges beyond the first quarter of 2016.

Beginning in April 2014, the Company initiated a partial foreign currency exchange hedging program. The Company uses currency forward contracts to offset the foreign currency impact of balance sheet translation. Prior to the first quarter of 2015, the Company managed foreign currency exchange exposure on an intra-quarter basis. Beginning in the first quarter of 2015, the Company held foreign currency exchange contracts that were outstanding over the quarter-end period, minimized foreign cash balances, and expanded the scope of its hedging program to include more currencies. The Company plans to discontinue the foreign currency hedging program in August of 2015. The realized and unrealized gains or losses on the currency forward contracts are reported in earnings within the same unaudited condensed consolidated statement of income line as the impact of the foreign currency translation, net foreign currency (loss) gain.

Accounting guidance requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the unaudited condensed consolidated balance sheet. The Company's fuel price derivative instruments and foreign currency instruments do not qualify for hedge accounting treatment, and therefore, no such hedging designation has been made.

Derivatives Not Designated as Hedging Instruments

For derivative instruments that are not designated as hedging instruments, the gain or loss on the derivative is recognized in current earnings.

As of June 30, 2015, the Company had the following put and call option contracts related to the Company's commodity fuel price derivatives, which are not designated as hedging contracts and settle on a monthly basis:

	Aggregate Notional Amount (gallons) [a]
Fuel price derivative instruments – unleaded fuel	
Option contracts settling July 2015 – March 2016	15,868
Fuel price derivative instruments – diesel	
Option contracts settling July 2015 – March 2016	7,857
Total fuel price derivative instruments	23,725

[a] The settlement of the put and call option contracts is based upon the New York Mercantile Exchange's New York Harbor Reformulated Gasoline Blendstock for Oxygenate Blending and the U.S. Department of Energy's weekly retail on-highway diesel fuel price for the month.

As of June 30, 2015, the Company had the following forward and spot contracts related to its foreign currency exchange contracts, which are not designated as hedging contracts and settle at various dates within approximately 40

days:

	Aggregate Notional Amount ($)
Foreign currency exchange contracts	383,788

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The following table presents information on the location and amounts of derivative fair values in the unaudited condensed consolidated balance sheets:

	Derivatives Classified as Assets				Derivatives Classified as Liabilities			
	June 30, 2015		December 31, 2014		June 30, 2015		December 31, 2014	
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts	Fuel price derivatives, at fair value	$16,668	Fuel price derivatives, at fair value	$40,969	Fuel price derivatives, at fair value	$—	Fuel price derivatives, at fair value	$—
Foreign currency exchange contracts	Other assets	$—	Other assets	$—	Other liabilities	$1,433	Other liabilities	$—

The following table presents information on the location and amounts of derivative gains and losses in the unaudited condensed consolidated statements of income:

		Amount of Gain or (Loss) Recognized in Income on Derivative			
Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Commodity contracts	Net realized and unrealized loss on fuel price derivatives	$(6,000)	$(7,561)	$(3,251)	$(5,716)
Foreign currency exchange contracts	Net foreign currency (loss) gain	$(5,838)	$(1,284)	21,967	$(1,284)

9. Financing and Other Debt

2014 Credit Agreement

As of June 30, 2015, the Company has $248,470 of borrowings against its $700,000 revolving credit facility. The outstanding debt under the Company's amortizing term loan arrangement, which expires in January of 2018, totaled $472,500 at June 30, 2015 and $486,250 at December 31, 2014. As of June 30, 2015, amounts outstanding under the amortizing term loan bear interest at a rate of LIBOR plus 225 basis points. The revolving credit facility currently bears interest at a rate equal to, at our option, (a) LIBOR plus 225 basis points, (b) the prime rate plus 125 basis points for our domestic borrowings; and the Eurocurrency rate plus 225 basis points for our international borrowings.

Borrowed Federal Funds

In the second quarter of 2015, the Company increased its federal funds lines of credit by $135,000 to $260,000. As of June 30, 2015, the Company had $50,500 outstanding, at a rate of 0.375 percent, on its $260,000 federal funds lines of credit. As of December 31, 2014 the Company had no outstanding balance on its $125,000 of available credit on these lines.

UNIK debt

UNIK had approximately $6,446 of debt as of June 30, 2015, and $7,975 of debt as of December 31, 2014. UNIK's debt is comprised of various credit facilities held in Brazil, with various maturity dates. The weighted average annual interest rate was 13.5 percent as of June 30, 2015, and 13.9 percent as of December 31, 2014. This debt is classified in

Other debt on the Company's unaudited condensed consolidated balance sheets for the periods presented.
Participation debt

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During the second quarter of 2014, WEX Bank entered into an agreement with a third party bank to fund a customer balance that exceeded WEX Bank's lending limit to an individual customer. This borrowing carries a variable interest rate of 3-month LIBOR plus a margin of 2.25 percent. The balance of the debt as of both June 30, 2015 and December 31, 2014, was $45,000. The participation debt balance will fluctuate on a daily basis based on customer funding needs, and will range from $0 to $45,000. The participation debt agreement will mature on April 1, 2016. This debt is classified in Other debt on the Company’s unaudited condensed consolidated balance sheets for the periods presented.

Securitization facility

On April 28, 2015, the Company entered into a one year securitized debt agreement with a bank. Under the terms of the agreement, each month, on a revolving basis, the Company sells certain of its Australian receivables to a bankruptcy-remote subsidiary consolidated by the Company ("Securitization Subsidiary"). The Securitization Subsidiary, in turn, uses the receivables as collateral to issue asset-backed commercial paper ("securitized debt") for approximately 85 percent of the securitized receivables. The amount collected on the securitized receivables is restricted to pay the securitized debt and is not available for general corporate purposes.

The Company pays a variable interest rate on the outstanding balance of the securitized debt, based on the Australian Bank Bill Rate plus an applicable margin. The interest rate as of June 30, 2015, was 2.89 percent. As of June 30, 2015, the Company had $89,176 of securitized debt.

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10. Fair Value

The Company holds mortgage-backed securities, fixed income and equity securities, derivatives (see Note 8, Derivative Instruments) and certain other financial instruments which are carried at fair value. The Company determines fair value based upon quoted prices when available or through the use of alternative approaches, such as model pricing, when market quotes are not readily accessible or available. In determining the fair value of the Company's obligations, various factors are considered, including: closing exchange or over-the-counter market price quotations; time value and volatility factors underlying options and derivatives; price activity for equivalent instruments; and the Company's own credit standing.

These valuation techniques may be based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 – Instruments whose significant value drivers are unobservable.

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The following table presents the Company's assets that are measured at fair value and the related hierarchy levels as of June 30, 2015:

	June 30, 2015	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mortgage-backed securities	$665	$—	$665	$—
Asset-backed securities	996	—	996	—
Municipal bonds	488	—	488	—
Equity securities	16,523	16,523	—	—
Total available-for-sale securities	$18,672	$16,523	$2,149	$—
Executive deferred compensation plan trust [a]	$6,124	$6,124	$—	$—
Fuel price derivatives – unleaded fuel[b]	$10,590	$—	$10,590	$—
Fuel price derivatives – diesel[b]	6,078	—	—	6,078
Total fuel price derivatives	$16,668	$—	$10,590	$6,078
Liabilities:				
Foreign currency exchange contracts[c]	$1,433	$—	$1,433	$—

[a] The fair value of these instruments is recorded in Other assets.
[b] The balance sheet presentation combines unleaded fuel and diesel fuel positions.
[c] The fair value of these instruments is recorded in Other liabilities.

The following table presents the Company's assets and liabilities that are measured at fair value and the related hierarchy levels as of December 31, 2014:

	December 31, 2014	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mortgage-backed securities	$810	$—	$810	$—
Asset-backed securities	1,165	—	1,165	—
Municipal bonds	554	—	554	—
Equity securities	16,411	16,411	—	—
Total available-for-sale securities	$18,940	$16,411	$2,529	$—
Executive deferred compensation plan trust [a]	$5,927	$5,927	$—	$—
Fuel price derivatives – unleaded fuel[b]	$29,120	$—	$29,120	$—
Fuel price derivatives – diesel[b]	11,849	—	—	11,849
Total fuel price derivatives	$40,969	$—	$29,120	$11,849

(a) The fair value of these instruments is recorded in Other assets.
(b) The balance sheet presentation combines unleaded fuel and diesel fuel positions.

The following table presents a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended:

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	June 30, 2015 Fuel Price Derivatives – Diesel	June 30, 2014 Fuel Price Derivatives – Diesel
Beginning balance	$10,261	$(623)
Total gains and (losses) – realized/unrealized		
Included in earnings [a]	(4,183)	(1,302)
Included in other comprehensive income	—	—
Purchases, issuances and settlements	—	—
Transfers (in)/out of Level 3	—	—
Ending balance	$6,078	$(1,925)

(a)Gains and losses (realized and unrealized) associated with fuel price derivatives, included in earnings for the three months ended June 30, 2015 and 2014, are reported in net realized and unrealized losses on fuel price derivatives on the unaudited condensed consolidated statements of income.

The following table presents a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the six months ended:

	June 30, 2015 Fuel Price Derivatives – Diesel	June 30, 2014 Fuel Price Derivatives – Diesel
Beginning balance	$11,848	$(2,142)
Total gains and (losses) – realized/unrealized		
Included in earnings (a)	(5,770)	217
Included in other comprehensive income	—	—
Purchases, issuances and settlements	—	—
Transfers (in)/out of Level 3	—	—
Ending balance	$6,078	$(1,925)

(a)Gains and losses (realized and unrealized) associated with fuel price derivatives, included in earnings for the six months ended June 30, 2015 and 2014, are reported in net realized and unrealized losses on fuel price derivatives on the unaudited condensed consolidated statements of income.

$400 Million Notes outstanding

The Notes outstanding as of June 30, 2015, have a carrying value of $400,000 and fair value of $385,500. As of December 31, 2014, the carrying value of the $400,000 in Notes outstanding had a fair value of $388,000. The fair value is based on market rates for the issuance of our debt. The Company determined the fair value of its Notes outstanding are classified as Level 2 in the fair value hierarchy.

Available-for-sale securities and executive deferred compensation plan trust

When available, the Company uses quoted market prices to determine the fair value of available-for-sale securities; such items are classified in Level 1 of the fair-value hierarchy. These securities primarily consist of exchange-traded equity securities.

For mortgage-backed and asset-backed debt securities and bonds, the Company generally uses quoted prices for recent trading activity of assets with similar characteristics to the debt security or bond being valued. The securities and bonds priced using such methods are generally classified as Level 2. The obligations related to the deferred

compensation plan trust are classified as Level 1 in the fair value hierarchy because the fair value is determined using quoted prices for identical instruments in active markets.

Foreign currency exchange contracts

Derivatives include foreign currency forward contracts. Our foreign currency forward contracts are valued using an income approach (Level 2) based on the spot rate less the contract rate multiplied by the notional amount. We consider counterparty

credit risk in the valuation of our derivatives. However, counterparty credit risk did not impact the valuation of our derivatives during 2014 and 2015.

Fuel price derivative instruments

The majority of fuel price derivative instruments entered into by the Company are executed over-the-counter and are valued using internal valuation techniques, as no quoted market prices exist for such instruments. The valuation technique and inputs depend on the type of derivative and the nature of the underlying instrument. The principal technique used to value these instruments is a comparison of the spot price of the underlying instrument to its related futures curve adjusted for the Company's assumptions of volatility and present value, where appropriate. The fair values of derivative contracts reflect the expected cash the Company will pay or receive upon settlement of the respective contracts.

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, the spot price of the underlying instruments, volatility, and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and inputs with longer tenures are generally less observable.

Fuel price derivative instruments – diesel. The assumptions used in the valuation of the diesel fuel price derivative instruments use both observable and unobservable inputs. There is a lack of price transparency with respect to forward prices for diesel fuel. Such unobservable inputs are significant to the diesel fuel derivative contract valuation methodology.

Quantitative Information About Level 3 Fair Value Measurements. The significant unobservable inputs used in the fair value measurement of the Company's diesel fuel price derivative instruments designated as Level 3 as of June 30, 2015, are as follows:

	Fair Value	Valuation Technique	Unobservable Input	Range $ per gallon
Fuel price derivatives – diesel	$6,078	Option model	Future retail price of diesel fuel after June 30, 2015	$3.72 – 3.86

Sensitivity to Changes in Significant Unobservable Inputs. As presented in the table above, the significant unobservable inputs used in the fair value measurement of the Company's diesel fuel price derivative instruments are the future retail price of diesel fuel from the third quarter of 2015 through the first quarter of 2016. Significant changes in these unobservable inputs in isolation would result in a significant change in the fair value measurement.

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11. Accumulated Other Comprehensive Income

A reconciliation of accumulated other comprehensive income for the three month periods ended June 30, 2015 and 2014, is as follows:

	2015 Unrealized Gains and Losses on Available-for-Sale Securities	Foreign Currency Items	2014 Unrealized Gains and Losses on Available-for-Sale Securities	Foreign Currency Items
Beginning balance	$(38)	$(75,135)	$(359)	$(1,063)
Other comprehensive (loss) income	(140)	7,791	152	7,407
Ending balance	$(178)	$(67,344)	$(207)	$6,344

A reconciliation of accumulated other comprehensive income for the six month periods ended June 30, 2015 and 2014, is as follows:

	2015 Unrealized Gains and Losses on Available-for-Sale Securities	Foreign Currency Items	2014 Unrealized Gains and Losses on Available-for-Sale Securities	Foreign Currency Items
Beginning balance	$(129)	$(50,452)	$(433)	$(15,062)
Other comprehensive (loss) income	(49)	(16,892)	226	21,406
Ending balance	$(178)	$(67,344)	$(207)	$6,344

No amounts were reclassified from accumulated other comprehensive income in the periods presented.

The change in foreign currency items is primarily due to the foreign currency translation of non-cash assets such as goodwill and other intangible assets related to the Company's foreign subsidiaries.

The total tax effect on accumulated unrealized losses, as of June 30, 2015, was $933, and the total tax effect on accumulated unrealized net gain, as of June 30, 2014, was $364.

12. Non-controlling interests

On August 30, 2012, the Company acquired a 51 percent ownership interest in UNIK. Redeemable non-controlling interest was measured at fair value at the date of acquisition. The redeemable non-controlling interest is reported on the Company’s unaudited condensed consolidated balance sheets as “Redeemable non-controlling interest."

A reconciliation of redeemable non-controlling interest for the three and six month periods ended June 30, 2015 and June 30, 2014, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Balance, beginning of period	$13,647	$19,338	$16,590	$18,729

Net gain (loss) attributable to redeemable non-controlling interest	670	(82)	659	(249)
Currency translation adjustment	675	476	(2,257)	1,252
Ending balance	$14,992	$19,732	$14,992	$19,732

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On December 1, 2014, WEX acquired the assets of ExxonMobil's Esso portfolio in Europe through its majority owned subsidiary, WEX Europe Services Limited. The Company formed this entity during 2013 and has 75 percent ownership.

A reconciliation of non-controlling interest for the three and six month periods ended June 30, 2015 and June 30, 2014 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Balance, beginning of period	$13,644	$228	$17,396	$519
Non-controlling interest investment	—	1,033	—	1,033
Net loss attributable to non-controlling interest	(762)	(402)	(3,063)	(697)
Currency translation adjustment	283	—	(1,168)	4
Ending balance	$13,165	$859	$13,165	$859

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(in thousands, except per share data)
(unaudited)

13. Income Taxes

Undistributed earnings of certain foreign subsidiaries of the Company amounted to $11,494 at June 30, 2015, and $7,733 at December 31, 2014. These earnings are considered to be indefinitely reinvested, and accordingly, no U.S. federal and state income taxes have been provided thereon. Upon distribution of these earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. The Company has determined that the amount of taxes attributable to these undistributed earnings is not practicably determinable.

14. Commitments and Contingencies

Litigation

The Company is involved in pending litigation in the ordinary course of business. In the opinion of management, such litigation will not have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

15. Restructuring

In the first half of 2015 the Company recorded initial restructuring costs of approximately $8,559 related to the Company's global review of operations. This global review identified certain initiatives to further streamline the business, improve the Company's efficiency, and to globalize the Company's operations, all with an objective to improve scale and increase profitability going forward. The costs related to this initiative are employee termination benefits. No costs were paid during the second quarter of 2015. These costs are expected to be paid during the remainder of 2015 and 2016. The Company has determined that the amount of expense related to this program is probable and estimable and has recorded the impact on the unaudited condensed consolidated statements of income and in Accrued expenses on the unaudited condensed consolidated balance sheet.

The following table presents the Company’s restructuring charges for the six months ended June 30, 2015:

	Accrual Balance at December 31, 2014	Restructuring Charges	Reserve Release	Cash Paid	Impact of foreign currency translation	Accrual Balance at June 30, 2015
2015 Restructuring:						
Employee separation costs	$—	8,559	—	—	$263	$8,822

16. Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company’s chief operating decision maker is its Chief Executive Officer. The operating segments are reviewed separately because each operating segment represents a strategic business unit that generally offers different products and serves different markets. The operating segments are aggregated into the two reportable segments as described below.

The Company’s chief operating decision maker evaluates the operating results of the Company’s operating and reportable segments based upon revenues and adjusted pre-tax income before NCI which adjusts income before income taxes to exclude fair value changes of fuel price derivative instruments, net foreign currency gains and losses, the amortization of acquired intangible assets, the expense associated with stock-based compensation, acquisition related expenses and adjustments, the net impact of tax rate changes on the Company’s deferred tax asset and related changes in the tax-receivable agreement, deferred loan costs associated with the extinguishment of debt, certain

non-cash asset impairment charges, gains on

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the extinguishment of a portion of the tax receivable agreement, restructuring charges, gain or losses on divestitures and adjustments attributable to non-controlling interests.

The Company operates in two reportable segments, Fleet Payment Solutions and Other Payment Solutions. The Fleet Payment Solutions segment provides customers with payment and transaction processing services specifically designed for the needs of vehicle fleet customers. This segment also provides information management services to these fleet customers. The Other Payment Solutions segment provides customers with a payment processing solution for their corporate purchasing and transaction monitoring needs. Revenue in this segment is derived from our corporate purchase cards and virtual and prepaid card products. The corporate purchase card products are used by businesses to facilitate purchases of products and to utilize the Company's information management capabilities. The results of operations for Evolution1 are presented in the Company's Other Payment Solutions segment. Evolution1 contributed net revenues of approximately $48,860 and are not significant to the adjusted pre-tax income before NCI. Management is currently evaluating its internal reporting structure and is in the process of determining the impact of the changes on the Company's segment and goodwill reporting.

Net realized and unrealized losses on derivative instruments are allocated to the Fleet Payment Solutions segment in the computation of segment results for internal evaluation purposes. Total assets are not allocated to the segments.

Beginning in the second quarter of 2015, adjusted net income attributable to WEX Inc. excludes net foreign currency gains and losses. For comparative purposes, adjusted net income attributable to WEX Inc. for the prior periods has been adjusted to reflect the exclusion of net foreign currency gains and losses and differs from the figure previously reported due to this adjustment. Management believes this information is useful to investors to facilitate comparison of operating results and better identify trends in our businesses.

The following table presents the Company's reportable segment results on an adjusted pre-tax net income before NCI basis for the three months ended June 30, 2015 and 2014:

	Total Revenues	Operating Interest Expense	Depreciation and Amortization	Adjusted Pre-Tax Income before NCI
Three months ended June 30, 2015				
Fleet payment solutions	$135,520	$421	$6,975	$ 49,490
Other payment solutions	78,133	936	1,768	26,426
Total	$213,653	$1,357	$8,743	$ 75,916
Three months ended June 30, 2014				
Fleet payment solutions	$145,828	$586	$6,436	$ 57,621
Other payment solutions	55,753	1,013	410	24,714
Total	$201,581	$1,599	$6,846	$ 82,335

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The following table presents the Company's reportable segment results on an adjusted pre-tax net income before NCI basis for the six months ended June 30, 2015 and 2014:

	Total Revenues	Operating Interest Expense	Depreciation and Amortization	Adjusted Pre-Tax Income before NCI
Six months ended June 30, 2015				
Fleet payment solutions	$264,010	$1,161	$ 14,433	$ 94,774
Other payment solutions	151,928	1,775	3,538	52,109
Total	$415,938	$2,936	$ 17,971	$ 146,883
Six months Ended June 30, 2014				
Fleet payment solutions	$281,263	$1,110	$ 12,813	$ 105,328
Other payment solutions	102,386	1,777	764	40,920
Total	$383,649	$2,887	$ 13,577	$ 146,248

The following table reconciles adjusted pre-tax income before NCI to income before income taxes:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Adjusted pre-tax income before NCI	$75,916	$82,335	$146,883	$146,248
Unrealized loss on fuel price derivatives	(14,956)	(4,896)	(24,301)	(2,073)
Net foreign currency (loss) gain	(2,161)	1,238	(6,537)	2,271
Amortization of acquired intangible assets	(12,016)	(8,330)	(24,175)	(16,617)
Stock-based compensation	(3,942)	(3,117)	(7,160)	(5,540)
Expenses and adjustments related to acquisitions	—	(500)	—	(500)
Restructuring	—	—	(8,559)	—
Gain on divestitures	—	—	1,215	—
Income before income taxes	$42,841	$66,730	$77,366	$123,789

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

We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting estimates affect our financial statements. The discussion also provides information about the financial results of the two segments of our business to provide a better understanding of how those segments and their results affect our financial condition and results of operations as a whole. This discussion should be read in conjunction with our audited consolidated financial statements as of December 31, 2014, the notes accompanying those financial statements and management's discussion and analysis as contained in our Annual Report on Form 10-K filed with the SEC on February 26, 2015 and in conjunction with the unaudited condensed consolidated financial statements and notes in Item 1 of Part I of this report.

Overview

WEX is a leading provider of corporate card payment solutions. We have expanded the scope of our business into a multi-channel provider of corporate payment solutions. We currently operate in two business segments: Fleet Payment Solutions and Other Payment Solutions. Our business model enables us to provide exceptional payment security and control across a spectrum of payment sectors. The Fleet Payment Solutions segment provides customers with fleet vehicle payment processing services specifically designed for the needs of commercial and government fleets. Fleet Payment Solutions revenue is earned primarily from payment processing, account servicing and transaction processing, with the majority of revenue generated by payment processing. Management estimates that WEX fleet cards are accepted at over 90 percent of fuel locations in each of the United States and Australia. The Other Payment Solutions segment provides customers with payment processing solutions for their corporate purchasing and transaction monitoring needs through our payment products. Other Payment Solutions revenue is earned primarily from payment processing revenue from our virtual card product. The Other Payment Solutions segment has operations in North America, Europe, Australia and Brazil.

The Company's U.S. operations include WEX, Fleet One,WEX Bank and Evolution1. Our international operations include our wholly-owned subsidiaries WEX Fuel Cards Australia, WEX Prepaid Cards Australia, WEX New Zealand and WEX Europe, located in England, and our majority equity positions in UNIK, a Brazil based company, and our majority owned subsidiary WEX Europe Services, headquartered in England.

Summary

Below are selected items from the second quarter of 2015:

- Other payment solutions purchase volume grew by approximately $1.3 billion from the second quarter of 2014 to $5.7 billion for the second quarter of 2015, an increase of 31 percent, primarily driven by our acquisition of Evolution1 in July of 2014 and also due to virtual card volume increases.
- Average number of vehicles serviced increased 24 percent from the second quarter of 2014 to approximately 9.8 million for the second quarter of 2015, primarily driven by our the acquisition of our European fleet business in December of 2014.
- Total fuel transactions processed increased 5 percent from the second quarter of 2014 to 103.1 million for the second quarter of 2015. Total payment processing transactions in our Fleet Payment Solutions segment increased 11 percent to 86.7 million for the second quarter of 2015 as compared to the same quarter in 2014. Transaction processing transactions decreased 19 percent to 16.4 million for the second quarter of 2015, as compared to the same quarter in 2014, primarily due to the divestiture of Pacific Pride in July of 2014.
- Average expenditure per payment processing transaction in our Fleet Payment Solutions segment decreased 22 percent to $68.98 for the second quarter of 2015, from $88.46 for the same period in the prior year. The average U.S. fuel price per gallon during the second quarter of 2015 was $2.74, a 27 percent decrease over the same period in the prior year. The average Australian fuel price per gallon during the second quarter of 2015 was $3.91, a 28 percent decrease as compared to the same period in the prior year. Although we have partially hedged against the impact of domestic fuel price fluctuations on earnings, if prices remain low, our future revenue and earnings will be negatively impacted.
-

Credit loss expense in the Fleet Payment Solutions segment was $3.1 million during the second quarter of 2015, as compared to $6.3 million during the second quarter of 2014. Spend volume decreased 14 percent in the second quarter of 2015, as compared to the same quarter last year and our credit losses were 5.3 basis points of fuel expenditures for the second quarter of 2015, as compared to 9.1 basis points of fuel expenditures for the same period last year.

- Realized gains on our fuel price derivatives during the second quarter of 2015 were $9.0 million as compared to a realized loss of $2.7 million for the same period in the prior year.
- In the first half of 2015, we experienced fluctuations in exchange rates that resulted in a significant devaluation of major currencies to which our business is exposed, including the Australian dollar, the Euro and the British Pound Sterling.

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Our foreign currency exchange exposure is primarily related to the re-measurement of our cash, receivable and payable balances that are denominated in these foreign currencies. In April 2014, we initiated a partial foreign currency exchange hedging program, which we plan to discontinue in August of 2015. Movements in these exchange rates associated with our foreign held currencies combined with the results of our foreign currency exchange hedging program resulted in a loss of $2.2 million for the second quarter of 2015.

- On April 28, 2015, we entered into a one year securitized debt agreement with a bank. Under the terms of the agreement, each month, on a revolving basis, we sell certain of its Australian receivables to a bankruptcy-remote subsidiary consolidated by us ("Securitization Subsidiary"). The Securitization Subsidiary, in turn, uses the receivables as collateral to issue asset-backed commercial paper ("securitized debt") for approximately 85 percent of the securitized receivables. The amount collected on the securitized receivables is restricted to pay the securitized debt and is not available for general corporate purposes.
- Our effective tax rate was 38.4 percent for the second quarter of 2015 as compared to 35.8 percent for the second quarter of 2014. Discrete items in the second quarter of 2015 contributed to the higher effective tax rate, as compared to the second quarter of 2014. Future tax rates may fluctuate due to changes in the mix of earnings among different tax jurisdictions. Our tax rate may also fluctuate due to the impacts that rate and mix changes have on our net deferred tax assets. We anticipate that our future GAAP effective tax rate should be within the range of our historical rates.

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Results of Operations

Fleet Payment Solutions

The following table reflects comparative operating results and key operating statistics within our Fleet Payment Solutions segment:

(in thousands, except per transaction and per gallon data)	Three months ended June 30,		Increase (decrease)		Six months ended June 30,		Increase (decrease)	
	2015	2014	Amount	Percent	2015	2014	Amount	Percent
Revenues								
Payment processing revenue	$80,127	$94,550	$(14,423)	(15)%	$153,070	$180,252	$(27,182)	(15)%
Transaction processing revenue	4,927	5,250	(323)	(6)%	9,610	10,140	(530)	(5)%
Account servicing revenue	25,360	20,112	5,248	26 %	49,243	39,467	9,776	25 %
Finance fees	19,069	17,661	1,408	8 %	38,064	34,981	3,083	9 %
Other	6,037	8,255	(2,218)	(27)%	14,023	16,423	(2,400)	(15)%
Total revenues	135,520	145,828	(10,308)	(7)%	264,010	281,263	(17,253)	(6)%
Total operating expenses	97,413	88,682	8,731	10 %	201,286	177,414	23,872	13 %
Operating income	38,107	57,146	(19,039)	(33)%	62,724	103,849	(41,125)	(40)%
Net foreign currency (loss) gain	(1,231)	1,146	(2,377)	(207)%	(1,587)	1,029	(2,616)	(254)%
Financing interest expense	(8,593)	(7,276)	(1,317)	18 %	(17,830)	(14,632)	(3,198)	22 %
Net realized and unrealized gains on derivative instruments	(6,000)	(7,561)	1,561	(21)%	(3,251)	(5,716)	2,465	(43)%
Income before income taxes	$22,283	$43,455	$(21,172)	(49)%	$40,056	$84,530	$(44,474)	(53)%
Key operating statistics [a]								
Payment processing revenue:								
Payment processing transactions	86,700	78,390	8,310	11 %	168,634	151,717	16,917	11 %
Average expenditure per payment processing transaction	$68.98	$88.46	$(19.48)	(22)%	$67.16	$87.24	$(20.08)	(23)%
Average price per gallon of fuel								
Domestic – ($/gal)	$2.74	$3.76	$(1.02)	(27)%	$2.66	$3.70	$(1.04)	(28)%
Australia – ($/gal)	$3.91	$5.44	$(1.53)	(28)%	$3.82	$5.39	$(1.57)	(29)%
Transaction processing revenue:								
Transaction processing transactions [b]	16,448	20,183	(3,735)	(19)%	32,625	39,436	(6,811)	(17)%
Account servicing revenue:								
Average number of vehicles serviced	9,798	7,927	1,871	24 %	9,535	7,857	1,678	21 %

[a] As of December 1, 2014, these key operating statistics include fuel related payment processing transactions and gallons of fuel from the European fleet business.

[b] As of July 31, 2014, excludes transactions from Pacific Pride LLC.

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Summary

Our payment processing revenue decreased, as compared to the same period in the prior year, primarily due to the large decline in fuel prices. During the second quarter of 2015, we had an 11 percent increase in our payment processing transactions, as compared to the same period in the prior year. Our focus is on bringing value to our customers, and our attrition rates remain low. We also continue to drive new customer acquisitions. Our domestic fleet organic growth was partially offset by a softness in sales, primarily driven by a slowdown in purchased fuel volume in the large fleet market. These decreases in organic growth were offset by our European fleet business, purchased in December of 2014, where we are encouraged by favorable trends in the European market.

Revenues

Payment processing revenue decreased $14.4 million for the second quarter of 2015 as compared to the second quarter of 2014 and $27.2 million for the first half of 2015 as compared to the same period in the prior year. These decreases are primarily due to a decrease in the average domestic price per gallon of fuel in 2015 as compared to 2014. These decreases were partially offset by an increase in payment processing volume primarily related to the acquisition of our European fleet business in December of 2014.

Our account servicing revenue increased $5.2 million for the second quarter of 2015 as compared to the same period in 2014 and $9.8 million for the first half of 2015 as compared to the same period in the prior year. These increases are primarily due to an increase in revenue related to the acquisition of our European fleet business in December of 2014, and growth in our WEX Telematics business.

Our finance fees revenue increased $1.4 million for the second quarter of 2015 as compared to the same period in 2014 and $3.1 million for the first half of 2015 as compared to the same period in the prior year. These increases are primarily due to additional factoring revenue as well as higher late fees associated with changes to our waiver practice. Payments for customer receivables are generally due within thirty days or less, excluding our FlexCard program. Late fee revenue is earned when a customer’s receivable balance becomes delinquent. The late fee is calculated using a stated late fee rate based on the outstanding balance. The absolute amount of such outstanding balances can be attributed to (i) changes in fuel prices; (ii) customer specific transaction volume; and (iii) customer specific delinquencies. Late fee revenue can also be impacted by (i) changes in late fee rates and (ii) increases or decreases in the number of customers with overdue balances.

Operating Expenses

The following table compares selected expense line items within our Fleet Payment Solutions segment for the three months ended:

			Increase (decrease)		
(in thousands)	June 30, 2015	June 30, 2014	Amount	Percent	
Expense					
Salary and other personnel	$42,529	$35,941	$6,588	18	%
Service fees	$14,937	$10,601	$4,336	41	%
Provision for credit losses	$3,137	$6,332	$(3,195)	(50)	)%
Technology leasing and support	$6,061	$4,525	$1,536	34	%

NM - Not meaningful

Changes in operating expenses for the second quarter of 2015, as compared to the same period in the prior year, include the following:

Salary and other personnel expenses increased $6.6 million for the second quarter of 2015 as compared to the same period last year. The increase is primarily due to an increase in headcount related to the acquisition of our European fleet business in December of 2014.

Service fees increased by $4.3 million for the second quarter of 2015 as compared to the same period last year. Service fees increased compared to the prior year due to expenses associated with the the acquisition of our European fleet business in December of 2014. This increase was partially offset by a decrease in service fees related to the

divestiture of Pacific Pride that occurred on July 31, 2014.

Provision for credit losses decreased by $3.2 million for the second quarter of 2015 as compared to the same period in the prior year. We generally measure our credit loss performance by calculating credit losses as a percentage of total fuel

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expenditures on the payment processing transactions. This metric for credit losses was 5.3 basis points of fuel expenditures for the second quarter of 2015, compared to 9.1 basis points of fuel expenditures for the same period last year. We generally use a roll rate methodology to calculate the amount necessary for our ending receivable reserve balance. This methodology considers total receivable balances, recent charge off experience, recoveries on previously charged off accounts, and the dollars that are delinquent to calculate the total reserve. In addition, management undertakes a detailed evaluation of the receivable balances to help further ensure overall reserve adequacy. The reduced expense we recognized in the quarter is a reflection of lower fleet receivables as compared to the same quarter last year, primarily as a result of lower fuel prices.

Technology leasing and support expenses increased $1.5 million for the second quarter of 2015 as compared to the same period in the prior year. This increase is primarily due to the acquisition of our European fleet business in December of 2014.

The following table compares selected expense line items within our Fleet Payment Solutions segment for the six months ended:

(in thousands)	June 30, 2015	June 30, 2014	Increase (decrease) Amount	Percent
Expense				
Salary and other personnel	$85,166	$72,343	$12,823	18 %
Restructuring	$8,559	$—	$8,559	NM
Service fees	$27,137	$20,079	$7,058	35 %
Provision for credit losses	$6,779	$15,224	$(8,445)	(55)%
Technology leasing and support	$11,682	$9,084	$2,598	29 %
Depreciation, amortization and impairment	$28,574	$26,841	$1,733	6 %

NM - Not meaningful

Salary and other personnel expenses increased $12.8 million for the first half of 2015 as compared to the same period last year. The increase is primarily due to an increase in headcount related to the acquisition of our European fleet business in December of 2014.

In the first half of 2015 we recorded restructuring costs of approximately $8.6 million related to our global review of operations. The costs related to this initiative are employee termination benefits and are expected to be paid during the remainder of 2015 and 2016.

Service fees increased by $7.1 million for the first half of 2015 as compared to the same period last year. Service fees increased compared to the prior year due to expenses associated with the acquisition of our European fleet business in December of 2014.

Provision for credit losses decreased by $8.4 million for the first half of 2015 as compared to the same period in the prior year. Credit losses were 6.0 basis points of fuel expenditures for the first half of 2015, compared to 11.5 basis points of fuel expenditures for the same period last year. The reduced expense we recognized in the first half of 2015 is a reflection of lower fleet receivables as compared to the same period last year, primarily as a result of lower fuel prices.

Technology leasing and support expenses increased $2.6 million for the first half of 2015 as compared to the same period in the prior year. This increase is primarily due to the acquisition of our European fleet business in December of 2014.

Depreciation, amortization and impairment expenses increased $1.7 million for the first half of 2015, as compared to the same period in the prior year. This increase in depreciation expense is primarily related to depreciation and amortization expense related to the acquisition of the Esso portfolio in Europe.

Fuel price derivatives

We own fuel price derivative instruments that we purchase on a periodic basis to manage the impact of the volatility in domestic fuel prices on our cash flows. These fuel price derivative instruments do not qualify for hedge accounting.

Accordingly, realized and unrealized gains and losses on our fuel price sensitive derivative instruments affect our net income.

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Changes in fair value and settlements of these instruments and the changes in average fuel prices in relation to the underlying strike price of the instruments are shown in the following table:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except per gallon data)	2015	2014	2015	2014
Fuel price derivatives, at fair value, beginning of period	$31,624	$(4,535)	$40,969	$(7,358)
Net change in fair value	(6,000)	(7,561)	(3,251)	(5,716)
Cash payments on settlement	(8,956)	2,665	(21,050)	3,643
Fuel price derivatives, at fair value, end of period	$16,668	$(9,431)	$16,668	$(9,431)
Collar range:				
Floor	$3.37	$3.36	$3.36	$3.37
Ceiling	$3.43	$3.42	$3.42	$3.43
Domestic average fuel price, beginning of period	$2.56	$3.69	$2.56	$3.53
Domestic average fuel price, end of period	$2.79	$3.76	$2.79	$3.76

Changes in fuel price derivatives for the three and six months ended June 30, 2015, as compared to the corresponding periods a year ago, are attributable to the movements in fuel prices in the corresponding periods. As of June 30, 2015, the projected future price of fuel is below the average future floor price of our derivatives, resulting in a net asset on our unaudited condensed consolidated balance sheet. Losses that are realized on these derivatives are offset by higher payment processing revenue we receive because such revenues are dependent, in part, on the current price of fuel. Conversely, realized gains are offset by lower payment processing revenue.

During the fourth quarter of 2014 we suspended purchases under our fuel derivatives program due to unusually low prices in the commodities market. Management will continue to monitor the fuel price market and evaluate our alternatives as it relates to this hedging program. For the third quarter of 2015, we have purchased fuel price sensitive derivative instruments to hedge approximately 60 percent of our anticipated U.S. fuel-price related earnings exposure. For the fourth quarter of 2015 and first quarter of 2016, the amount hedged declines to 40 percent and 20 percent, respectively. At this time, there are no hedges beyond the first quarter of 2016.

The Company currently does not plan to hedge our fuel price risk exposure for WEX Fuel Cards Australia, or the European fleet business as the earnings exposure to fuel price movements are typically more limited than it is domestically.

Loss on foreign currency transactions

In the first half of 2015, we experienced fluctuations in exchange rates that resulted in a significant devaluation of major currencies to which our business is exposed, including the Australian dollar, the Euro and the British Pound Sterling. Our foreign currency exchange exposure is primarily related to the re-measurement of our cash, receivable and payable balances that are denominated in these foreign currencies. Furthermore, the acquisition of our European fleet business in December of 2014 has increased this type of exposure. In April 2014, we initiated a partial foreign currency exchange hedging program which we plan to discontinued in August of 2015. The results of these hedges are recorded in Net foreign currency (loss) gain. Management will continue to monitor foreign exchange rates and the impact to the operations of the business. The fluctuations in exchange rates combined with the results of the foreign currency exchange hedging program resulted in a loss of $1.2 million for the second quarter of 2015 and a loss of $1.6 million for the first half of 2015.

Financing interest expense

Financing interest expense increased $1.3 million for the second quarter of 2015 as compared to the second quarter of the prior year and increased $3.2 million for the first half of 2015 as compared to the same period in the prior year. On August 22, 2014, we entered into the 2014 Credit Agreement. The 2014 Credit Agreement amends and restates the 2013 Credit Agreement. The 2014 Credit Agreement increased the outstanding amount of the term loans from $277.5 million to $500.0 million, and accordingly, financing interest expense related to the term loan outstanding was higher in 2015 as compared to the same periods in 2014.

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Other Payment Solutions

The following table reflects comparative operating results and key operating statistics within our Other Payment Solutions segment:

	Three months ended June 30,		Increase (decrease)		Six months ended June 30,		Increase (decrease)	
(in thousands, except payment solutions purchase volume in millions)	2015	2014	Amount	Percent	2015	2014	Amount	Percent
Revenues								
Payment processing revenue	$47,954	$40,147	$7,807	19 %	$92,446	$72,049	$20,397	28 %
Transaction processing revenue	1,309	1,652	(343)	(21)%	2,916	3,347	(431)	(13)%
Account servicing revenue	13,114	3,596	9,518	265 %	26,179	6,769	19,410	287 %
Finance fees	1,332	1,352	(20)	(1)%	2,528	2,794	(266)	(10)%
Other	14,424	9,006	5,418	60 %	27,859	17,427	10,432	60 %
Total revenues	78,133	55,753	22,380	40 %	151,928	102,386	49,542	48 %
Total operating expenses	53,322	32,570	20,752	64 %	103,494	64,369	39,125	61 %
Operating income	24,811	23,183	1,628	7 %	48,434	38,017	10,417	27 %
Net foreign currency (loss) gain	(930)	92	(1,022)	NM	(4,950)	1,242	(6,192)	NM
Financing interest expense	(3,323)	—	(3,323)	NM	(6,174)	—	(6,174)	NM
Income before income taxes	$20,558	$23,275	$(2,717)	(12)%	$37,310	$39,259	$(1,949)	(5)%
Key operating statistics								
Payment processing revenue: [(a)]								
Payment solutions purchase volume	$5,683	$4,339	$1,344	31 %	$10,723	$8,010	$2,713	34 %

NM - Not meaningful

[(a)] Excludes payment processing volume from rapid! Paycard, which was sold on January 7, 2015, and UNIK. As of July 16, 2014, includes interchange volume from Evolution1.

Summary

The growth this quarter was primarily driven by the travel virtual product and healthcare product. Purchase volume came in as expected, and we continued to work on expanding relationships with existing partners, onboard new customers and sign contract extensions during the quarter. We are focused on globalizing our virtual card product and pursuing value-added enhancements to our core service offering to meet the needs of our customers in high-growth markets. Our penetration in Asia remains at an early stage, and we are encouraged by the interest our travel offering has received.

Revenues

Payment processing revenue increased $7.8 million for the second quarter of 2015 as compared to the same period in the prior year and increased $20.4 million for the first half of 2015 as compared to the same period in the prior year. These increases were primarily due to revenue associated with Evolution1, which was acquired in July of 2014, as

well as higher corporate charge card purchase volume from our virtual WEX Travel product. The net interchange rate for the second quarter was 84 basis points, down 2 basis points as compared to the same period in the prior year, primarily due to renegotiated contracts.

Account servicing revenue increased $9.5 million for the second quarter of 2015 as compared to the same period in the prior year and increased $19.4 million for the first half of 2015 as compared to the same period in the prior year. These increases are primarily due to revenue associated with Evolution1.

Other revenue for the second quarter of 2015 increased by approximately $5.4 million as compared to the same period in the prior year and increased $10.4 million for the first half of 2015 as compared to the same period in the prior year. These increases are primarily due to revenues associated with Evolution1, as well as changes in fees charged to customers in Brazil.

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Operating Expenses

The following table compares selected expense line items within our Other Payment Solutions segment for the three months ended:

(in thousands)	June 30, 2015	June 30, 2014	Increase (decrease) Amount	Percent	
Expense					
Salary and other personnel	$16,562	$7,485	$9,077	121	%
Service fees	$19,003	$17,230	$1,773	10	%
Technology leasing and support & occupancy and equipment	$5,298	$2,708	$2,590	96	%
Depreciation, amortization and impairment	$6,761	$1,734	$5,027	290	%

Salary and other personnel expenses increased $9.1 million for the second quarter of 2015 as compared to the same period in the prior year. The increase is primarily due to increased employee compensation expenses from the acquisition of Evolution1 and is partially offset by the divestiture of rapid! PayCard on January 7, 2015.

Service fees increased $1.8 million for the second quarter of 2015 as compared to the same period in the prior year. This increase is primarily related to the operations of Evolution1, and is partially offset by a decrease in product servicing fees related to the divestiture of rapid! PayCard.

Technology leasing and support and occupancy and equipment expense collectively increased $2.6 million for the second quarter of 2015 as compared to the same period last year. This increase is primarily due to additional expenses from Evolution1.

Depreciation, amortization and impairment expenses increased $5.0 million for the second quarter of 2015 as compared to the same period in the prior year. This increase is primarily related to amortization expense associated with the intangible assets acquired with Evolution1.

The following table compares selected expense line items within our Other Payment Solutions segment for the six months ended:

(in thousands)	June 30, 2015	June 30, 2014	Increase (decrease) Amount	Percent	
Expense					
Salary and other personnel	$32,341	$14,985	$17,356	116	%
Service fees	$36,874	$34,057	$2,817	8	%
Technology leasing and support & occupancy and equipment	$10,419	$5,992	$4,427	74	%
Depreciation, amortization and impairment	$13,571	$3,353	$10,218	305	%
Other	$7,373	$3,536	$3,837	109	%

Salary and other personnel expenses increased $17.4 million for the first half of 2015 as compared to the same period in the prior year. The increase is primarily due to increased employee compensation expenses from the acquisition of Evolution1 and is partially offset by the divestiture of rapid! PayCard on January 7, 2015.

Service fees increased $2.8 million for the first half of 2015 as compared to the same period in the prior year. This increase is primarily related to the operations of Evolution1, and is partially offset by a decrease in product servicing fees related to the divestiture of rapid! PayCard.

Technology leasing and support and occupancy and equipment expense collectively increased $4.4 million for the second quarter of 2015 as compared to the same period last year. This increase is primarily due to additional expenses from the acquisition of Evolution1 and the expansion of our virtual product in Europe.

Depreciation, amortization and impairment expenses increased $10.2 million for the first half of 2015 as compared to the same period in the prior year. This increase is primarily related to amortization expense associated with the intangible assets acquired with Evolution1.

Other expenses increased $3.8 million for the first half of 2015 as compared to the same period in the prior year. This increase is primarily due to additional expenses from the acquisition of Evolution1.

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Loss on foreign currency transactions

In the first half of 2015, we experienced fluctuations in exchange rates that resulted in a significant devaluation of major currencies to which our business is exposed, including the Australian dollar, the Euro and the British Pound Sterling. Our foreign currency exchange exposure is primarily related to the re-measurement of our cash, receivable and payable balances that are denominated in these foreign currencies. In April 2014, we initiated a partial foreign currency exchange hedging program which we plan to discontinue in August of 2015. These fluctuations in exchange rates combined with the results of the foreign currency exchange hedging program resulted in a $0.9 million loss for the second quarter of 2015 and a loss of $5.0 million for the first half of 2015.

Financing interest expense

Financing interest expense increased $3.3 million for the second quarter of 2015 as compared to the second quarter of the prior year and increased $6.2 million for the first half of 2015 as compared to the same period in the prior year. The increases are due to the debt incurred to purchase Evolution1.

Non-GAAP financials measures

In addition to providing financial measurements based on GAAP, we publicly discuss additional financial measures, such as Adjusted Net Income, that are not prepared in accordance with GAAP, or non-GAAP financial measures. Although Adjusted Net Income is not calculated in accordance with GAAP, this measure is integral to our reporting and planning processes. We consider this measure integral because it eliminates the non-cash volatility associated with the fuel price related derivative instruments, and excludes other specified items that our management excludes in evaluating our performance. Specifically, in addition to evaluating our performance on a GAAP basis, management evaluates our performance on a basis that excludes the above items because:

- Exclusion of the non-cash, mark-to-market adjustments on fuel-price related derivative instruments helps management identify and assess trends in our underlying business that might otherwise be obscured due to quarterly non-cash earnings fluctuations associated with fuel-price related derivative contracts.
- The non-cash, mark-to-market adjustments on fuel-price related derivative instruments are difficult to forecast accurately, making comparisons across historical and future quarters difficult to evaluate.
- Net foreign currency gains and losses primarily result from the remeasurement to functional currency of foreign currency cash, receivable and payable balances, certain intercompany notes and any gain or loss on foreign currency hedges relating to these items. The exclusion of these items will improve the comparison of operating results.
- The amortization of purchased intangibles, deferred loan costs associated with the extinguishment of debt, acquisition related expenses, non-cash adjustments related to our tax receivable agreement and adjustments attributable to non-controlling interest have no significant impact on the ongoing operations of our business.
- Stock-based compensation is different from other forms of compensation, as it is a non-cash expense. For example, a cash salary generally has a fixed and unvarying cash cost. In contrast, the expense associated with an equity-based award is generally unrelated to the amount of cash ultimately received by the employee, and the cost to us is based on a stock-based compensation valuation methodology and underlying assumptions that may vary over time.
- The gain or loss from a divestiture is not indicative of the performance of the ongoing operations of our business.
- We consider certain acquisition-related costs, such as investment banking fees, transition expenses, such as termination benefits, financing fees and warranty and indemnity insurance, to be unpredictable, dependent on factors that may be outside of our control and unrelated to the continuing operations of the acquired business or the Company. In addition, the size and complexity of an acquisition, which often drives the magnitude of acquisition-related costs, may not be indicative of such future costs. We believe that excluding acquisition-related costs facilitates the comparison of our financial results to our historical operating results and to other companies in our industry.

For the same reasons, we believe that Adjusted Net Income may also be useful to investors as one means of evaluating our performance. However, because Adjusted Net Income is a non-GAAP measure, it should not be considered as a substitute for, or superior to, net income, operating income or cash flows from operating activities as determined in accordance with GAAP. In addition, Adjusted Net Income as used by us may not be comparable to similarly titled measures employed by other companies.

The following table reconciles Adjusted Net Income to net earnings attributable to WEX Inc.:

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	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Adjusted Net Income attributable to WEX Inc.	$48,317	$53,100	$94,535	$94,091
Unrealized loss on fuel price derivatives	(14,956)	(4,896)	(24,301)	(2,073)
Net foreign currency (loss) gain	(2,161)	1,238	(6,537)	2,271
Amortization of acquired intangible assets	(12,016)	(8,330)	(24,175)	(16,617)
Stock-based compensation	(3,942)	(3,117)	(7,160)	(5,540)
Restructuring	—	—	(8,559)	—
Gain on divestiture	—	—	1,215	—
Expenses and adjustments related to acquisitions	—	(500)	—	(500)
ANI adjustments attributable to non-controlling interests	765	271	3,618	420
Tax impact	10,485	5,567	20,201	7,823
Net earnings attributable to WEX Inc.	$26,492	$43,333	$48,837	$79,875

The tax impact of the adjustments used to calculate Adjusted Net Income is the difference between our GAAP tax provision and a pro forma tax provision based upon our Adjusted Net Income before taxes. The methodology utilized for calculating our Adjusted Net Income tax provision is the same methodology utilized in calculating our GAAP tax provision.

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Liquidity, Capital Resources and Cash Flows

We believe that our cash generating capability and financial condition, together with our revolving credit agreement, term loan and $400 million in Notes outstanding, as well as other available methods of financing (including deposits, borrowed federal funds and our securitization facility), are adequate to meet our operating, investing and financing needs.

The table below summarizes our cash activities:

(in thousands)	Six months ended June 30,	
	2015	2014
Net cash provided by (used for) operating activities	$53,015	$(173,362)
Net cash used for investing activities	(10,246)	(25,092)
Net cash (used for) provided by financing activities	(138,963)	155,454

WEX Bank issued certificates of deposit in various maturities ranging between one month and two years and with fixed interest rates ranging from 0.40 percent to 1.05 percent as of June 30, 2015. As of June 30, 2015, we had approximately $217.6 million of certificates of deposit outstanding, compared to $566.8 million of certificates of deposits outstanding as of June 30, 2014. Certificates of deposit are subject to regulatory capital requirements.

As of June 30, 2015, we had approximately $299.3 million of interest-bearing money market deposits with a weighted average interest rate of 0.24 percent, compared to $317.8 million of interest-bearing money market deposits at June 30, 2014, with a weighted average interest rate of 0.23 percent. WEX Bank also has non-interest bearing NOW account deposits and non-interest bearing customer deposits. As of June 30, 2015, we had $349.5 million of non-interest bearing NOW account deposits and $38.7 million of non-interest bearing customer deposits outstanding. As of June 30, 2014, we had $345.0 million of non-interest bearing NOW account deposits and $21.7 million of non-interest bearing customer deposits outstanding. Deposits are subject to regulatory capital requirements.

In the second quarter of 2015, we increased the federal funds lines of credit by $135 million to $260 million. As June 30, 2015, we had $50.5 million outstanding on our $260.0 million federal funds lines of credit. As of June 30, 2014, we had no outstanding balance on our $125.0 million of available credit on these lines.

We added $27.7 million in capital additions during the first half of 2015, primarily related to the development of internal-use software as we expand globally and provide competitive products and services to our customers. We expect total capital expenditures for 2015 to be approximately $65 to $70 million.

We purchased $22.0 million in treasury shares during the first six months of 2015.

Liquidity

WEX Bank utilizes brokered deposits, NOW deposits and borrowed federal funds to finance our accounts receivable. We continue to have access to these short-term borrowing instruments to fund our accounts receivable. Our cash balance for the first half of 2015 decreased by $100.4 million, deposits and borrowed federal funds increased by $22.6 million and our financing debt decreased by $182.6 million. Our accounts receivable decreased $244.5 million and our accounts payable decreased $177.7 million, primarily due to lower fuel prices.

In general, our trade receivables provide for payment terms of 30 days or less. Receivables not paid within the terms of the customer agreement are generally subject to late fees based upon the outstanding customer receivable balance. As of June 30, 2015, approximately 91 percent of the outstanding balance of $2.1 billion, was less than 30 days past due and approximately 98 percent of the outstanding balance was less than 60 days past due. As of June 30, 2014, approximately 97 percent of the outstanding balance of $2.2 billion, was less than 30 days past due and approximately 99 percent of the outstanding balance was less than 60 days past due.

On January 30, 2013, the Company entered into the 2013 Credit Agreement, among the Company and a syndicate of lenders. The 2013 Credit Agreement provided for a five-year amortizing $300 million term loan facility, and a five-year $800 million secured revolving credit facility with a $150 million sub-limit for letters of credit. The indebtedness covenant under the 2013 Credit Agreement required that the Company reduce the revolving

commitments under the 2013 Credit Agreement on a dollar-for-dollar basis to the extent that the Company issued more than $300 million in principal amount of senior or senior subordinated notes of the Company. Subject to certain conditions, including obtaining relevant commitments, the Company had the option to increase the facility by up to an additional $100 million.

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The 2013 Credit Agreement replaced the 2011 Credit Agreement, dated as of May 23, 2011. The 2013 Credit Agreement increased the outstanding amount of the term loan from $185 million to $300 million and increased the availability under the revolving credit facility from $700 million to $800 million. On January 30, 2013, the Company completed a $400 million offering in aggregate principal amount of 4.75 percent senior notes due 2023 at an issue price of 100.0 percent of the principal amount, plus accrued interest, if any, from January 30, 2013, in a private placement for resale to “qualified institutional buyers” as defined in Rule 144A under the Securities Act of 1933, as amended, and in offshore transactions pursuant to Regulation S under the Securities Act of 1933, as amended. The Notes were issued pursuant to the Indenture dated as of January 30, 2013 among the Company, the guarantors listed therein, and The Bank of New York Mellon Trust Company, N.A., as trustee. The Notes will mature on February 1, 2023, and interest will accrue at the rate of 4.75 percent per annum. Interest is payable semiannually in arrears on February 1 and August 1 of each year, commencing on August 1, 2013. As a result of the issuance of the Notes, on January 30, 2013, the revolving loan commitment under the 2013 Credit Agreement was reduced to $700 million.

On August 22, 2014 we entered into the 2014 Amendment Agreement and the 2014 Credit Agreement, to modify certain terms of out existing bank borrowing agreements, including the 2013 Credit Agreement, in order to permit the additional financing and investments necessary to facilitate the consummation of the Esso portfolio in Europe transaction. The amendments provided for a new tranche of term loans in an aggregate principal amount equal to $222.5 million for a total term loan facility of $500 million, a $700 million secured revolving credit facility with a $150 million sublimit for letters of credit and a $20 million sublimit for swingline loans, that either mature or terminate on January 31, 2018.

On April 28, 2015, we entered into a one year securitized debt agreement with a bank. Under the terms of the agreement, each month, on a revolving basis, we sell certain of its Australian receivables to a bankruptcy-remote subsidiary consolidated by us ("Securitization Subsidiary"). The Securitization Subsidiary, in turn, uses the receivables as collateral to issue asset-backed commercial paper ("securitized debt") for approximately 85 percent of the securitized receivables. The amount collected on the securitized receivables is restricted to pay the securitized debt and is not available for general corporate purposes.

We pay a variable interest rate on the outstanding balance based on the Australian Bank Bill Rate plus an applicable margin, which as of June 30, 2015, was 2.89 percent. As of June 30, 2015, we had $89.2 million of securitized debt.

As of June 30, 2015, we have approximately 2.6 years left on our $700 million revolving credit facility and have $248.5 million of borrowings against it. The outstanding debt under our amortizing term loan arrangement, which expires in January of 2018, totaled $472.5 million at June 30, 2015 and $486.3 million at December 31, 2014. As of June 30, 2015, amounts outstanding under the amortizing term loan bear interest at a rate of LIBOR plus 225 basis points. The revolving credit facility currently bears interest at a rate equal to, at our option, (a) LIBOR plus 225 basis points, (b) the prime rate plus 175 basis points for our domestic borrowings; and the Eurocurrency rate plus 225 basis points for our international borrowings.

We decreased our overall financing debt (2014 Credit Agreement and Notes), excluding the impact of foreign currency exchange rates, by $182.6 million during the first half of 2015 with a balance outstanding of $1.1 billion as of June 30, 2015.

Our credit agreement contains various financial covenants requiring us to maintain certain financial ratios. In addition to the financial covenants, the credit agreement contains various customary restrictive covenants including restrictions in certain situations on the payment of dividends. WEX Bank is not subject to certain of these restrictions. We have been, and expect to continue to be, in compliance with all material covenants and restrictions.

On January 7, 2015, we sold our operations of rapid! PayCard for $20.0 million which resulted in a pre-tax gain of approximately $1.2 million.

As of June 30, 2015, we have approximately $45.3 million in cash located in our foreign entities, outside of the United States.

Undistributed earnings of certain foreign subsidiaries of the Company amounted to $11.5 million as of June 30, 2015. We currently do not plan to repatriate these earnings. If we were to distribute such earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax

credits) and withholding taxes payable to the various foreign countries. The Company's primary tax jurisdictions are the United States and Australia.

Earnings outside of the U.S. are accompanied by certain financial risks, such as changes in foreign currency exchange rates. Changes in foreign currency exchange rates may reduce the reported value of our foreign currency revenues, net of expenses, and cash flows. We cannot predict changes in currency exchange rates, the impact of exchange rate changes, nor the degree to which we will be able to manage the impact of currency exchange rate changes.

In April 2014 we initiated a partial foreign currency exchange hedging program. In 2014 we managed foreign currency exchange exposure on an intra-quarter basis. Beginning in the first quarter of 2015, we held contracts outstanding over the quarter end period, minimized foreign cash balances, and expanded the scope of our hedging program to include more currencies. We plan to discontinue the foreign currency hedging program in August of 2015. We will continue to monitor our foreign currency exposure for discrete items and may, from time to time, hedge certain forieng currency transactions.

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Management believes that we can adequately fund our cash needs for at least the next 12 months.

Off-balance Sheet Arrangements

Letters of credit. As of June 30, 2015, we had posted letters of credit totaling $5.2 million as collateral under the terms of our lease agreement for our corporate offices and other corporate matters.

Purchase of Treasury Shares

The following table presents stock repurchase program activity for the three and six months ended June 30, 2015, and June 30, 2014:

	Three months ended June 30,				Six months ended June 30,			
	2015		2014		2015		2014	
(in thousands)	Shares	Cost	Shares	Cost	Shares	Cost	Shares	Cost
Treasury stock purchased	—	$—	30	$2,817	210.0	$22,011	211.0	$19,765

Critical Accounting Policies and Estimates

We have no material changes to our critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2014.

Recently Adopted Accounting Standards

See Note 2 to the Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have no material changes to the disclosure on this matter made in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The principal executive officer and principal financial officer of WEX Inc. evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. "Disclosure controls and procedures" are controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms, is recorded, processed, summarized and reported, and is accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, the principal executive officer and principal financial officer of WEX Inc. concluded that the Company's disclosure controls and procedures were effective as of June 30, 2015.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2015, our most recently completed fiscal quarter, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II

Item 1. Legal Proceedings.

As of the date of this filing, we are not involved in any material legal proceedings. We also were not involved in any material legal proceedings that were terminated during the second quarter of 2015. However, we are subject to legal proceedings and claims in the ordinary course of business, none of which we believe are likely to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014, which could materially affect our business, financial condition or future results. The risks described in this report and in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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

On September 13, 2013, our Board of Directors approved a share repurchase program authorizing the purchase of up to $150.0 million worth of our common stock from time to time until September 30, 2017.

We did not purchase shares of our common stock during the second quarter of 2015. The approximate dollar value of shares that were available to be purchased under the current repurchase program was $108.2 million million as of June 30, 2015.

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Item 6. Exhibits.

The exhibit index attached to this Quarterly Report on Form 10-Q is hereby incorporated by reference.

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SIGNATURE

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

WEX INC.

July 31, 2015	By:	/s/ Steven A. Elder Steven A. Elder Senior Vice President and CFO (principal financial officer and principal accounting officer)

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EXHIBIT INDEX

	Exhibit No.	Description
	3.1	Certificate of Incorporation (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426)
	3.2	Certificate of Ownership and Merger merging WEX Transitory Corporation with and into Wright Express Corporation (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on October 30, 2012, File No. 001-32426)
	3.3	Amended and Restated By-Laws of WEX Inc. (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on October 30, 2012, File No. 001-32426)
	4.2	Indenture, dated as of January 30, 2013, among WEX Inc., the Guarantors named therein, and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K filed with the SEC on February 1, 2013, File No. 001-32426)
*	10.1	Receivables Acquisition and Servicing agreement, dated April 28, 2015, among WEX Australia Pty Ltd., WEX Fuel Cards Australia Ltd., (collectively known as "Sellers"), The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("Manager"), Perpetual Corporate Trust Limited ("Buyer") and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent, managing agent and financial institution
*	10.2	Southern Cross WEX 2015-1 Trust Guaranty and Indemnity Agreement, dated April 28, 2015, among WEX Inc. (“Guarantor”) and Perpetual Corporate Trust Limited (“Trustee”)
*	10.3	General Security Agreement dated April 28, 2015, among Perpetual Corporate Trust Limited (“Grantor”) and P.T. Limited (ABN 67 004 454 666) (“Secured Party”)
*	10.4	Southern Cross WEX 2015-1 Trust Trust Class A Facility Deed dated April 28, 2015, among Perpetual Corporate Trust Limited ("Trustee"), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“Manager”) and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sydney Branch (“Class A Facility Provider”)
*	10.5	Southern Cross WEX 2015-1 Trust Trust Class B Facility Deed dated April 28, 2015, among Perpetual Corporate Trust Limited (“Trustee”), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“Manager”) and WEX Australia Pty Ltd (“Class B Facility Provider”)
*	31.1	Certification of Chief Executive Officer of WEX INC. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended
*	31.2	Certification of Chief Financial Officer of WEX INC. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended
*	32.1	Certification of Chief Executive Officer of WEX INC. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code
*	32.2	Certification of Chief Financial Officer of WEX INC. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code
	101.INS	XBRL Instance Document
	101.SCH	XBRL Taxonomy Extension Schema Document
	101.CAL	XBRL Taxonomy Calculation Linkbase Document
	101.LAB	XBRL Taxonomy Label Linkbase Document
	101.PRE	XBRL Taxonomy Presentation Linkbase Document
	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* These exhibits have been filed with this Quarterly Report on Form 10-Q.