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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018
or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-35462

Worldpay, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

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

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

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

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

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

| | |
|---|--|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> |
| Emerging growth company <input type="checkbox"/> | |

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

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

As of September 30, 2018, there were 301,855,256 shares of the registrant's Class A common stock outstanding and 10,252,826 shares of the registrant's Class B common stock outstanding.

WORLDPAY, INC.
FORM 10-Q

For the Quarterly Period Ended September 30, 2018

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, our objectives for future operations, and any statements of a general economic or industry specific nature, are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “continue,” “could,” “should,” “can have,” “likely,” or the negative or plural of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe, based on information currently available to our management, may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section of this report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Unaudited
(In millions, except share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------|---------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenue | \$ 1,017.9 | \$ 1,033.7 | \$ 2,875.4 | \$ 2,960.6 |
| Network fees and other costs ⁽¹⁾ | — | 479.5 | — | 1,406.3 |
| Sales and marketing | 295.8 | 173.8 | 845.2 | 497.1 |
| Other operating costs | 174.8 | 79.4 | 515.4 | 234.3 |
| General and administrative | 140.7 | 49.6 | 527.6 | 189.6 |
| Depreciation and amortization | 328.9 | 82.5 | 824.0 | 237.0 |
| Income from operations | 77.7 | 168.9 | 163.2 | 396.3 |
| Interest expense—net | (75.2) | (38.5) | (230.3) | (97.4) |
| Non-operating (expense) income | (3.5) | 21.2 | (34.1) | 13.7 |
| (Loss) income before applicable income taxes | (1.0) | 151.6 | (101.2) | 312.6 |
| Income tax (benefit) expense | (4.6) | 44.7 | (5.0) | 83.5 |
| Net income (loss) | 3.6 | 106.9 | (96.2) | 229.1 |
| Less: Net income attributable to non-controlling interests | (0.8) | (14.8) | (1.5) | (39.3) |
| Net income (loss) attributable to Worldpay, Inc. | \$ 2.8 | \$ 92.1 | \$ (97.7) | \$ 189.8 |
| Net income (loss) per share attributable to Worldpay, Inc. Class A common stock: | | | | |
| Basic | \$ 0.01 | \$ 0.57 | \$ (0.34) | \$ 1.18 |
| Diluted | \$ 0.01 | \$ 0.57 | \$ (0.34) | \$ 1.17 |
| Shares used in computing net income (loss) per share of Class A common stock: | | | | |
| Basic | 301,240,681 | 161,465,849 | 290,385,855 | 161,205,066 |
| Diluted | 313,881,826 | 162,882,396 | 290,385,855 | 162,617,782 |

⁽¹⁾ See the Revenue Recognition section within Footnote 1 - Basis of Presentation and Summary of Significant Accounting Policies to the Notes to Unaudited Consolidated Financial Statements which addresses the change in presentation.

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Unaudited
(In millions)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|----------------|---------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) | \$ 3.6 | \$ 106.9 | \$ (96.2) | \$ 229.1 |
| Other comprehensive (loss) income, net of tax: | | | | |
| (Loss) gain on hedging activities and foreign currency translation | (103.9) | 0.8 | (152.1) | 5.7 |
| Comprehensive (loss) income | (100.3) | 107.7 | (248.3) | 234.8 |
| Less: Comprehensive loss (income) attributable to non-controlling interests | 2.6 | (14.7) | 3.6 | (40.5) |
| Comprehensive (loss) income attributable to Worldpay, Inc. | <u>\$ (97.7)</u> | <u>\$ 93.0</u> | <u>\$ (244.7)</u> | <u>\$ 194.3</u> |

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited
(In millions, except share data)

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 373.7 | \$ 126.5 |
| Accounts receivable—net | 1,599.8 | 986.6 |
| Merchant float | 1,427.9 | — |
| Settlement assets | 3,306.8 | 142.0 |
| Prepaid expenses | 87.3 | 33.5 |
| Other | 549.3 | 84.0 |
| Total current assets | 7,344.8 | 1,372.6 |
| Customer incentives | 66.3 | 68.4 |
| Property, equipment and software—net | 1,053.8 | 473.7 |
| Intangible assets—net | 3,364.8 | 678.5 |
| Goodwill | 14,674.8 | 4,173.0 |
| Deferred taxes | 789.8 | 739.5 |
| Proceeds from senior unsecured notes | — | 1,135.2 |
| Other assets | 67.2 | 26.1 |
| Total assets | \$ 27,361.5 | \$ 8,667.0 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,169.2 | \$ 631.9 |
| Settlement obligations | 5,396.3 | 816.2 |
| Current portion of notes payable | 226.5 | 107.9 |
| Current portion of tax receivable agreement obligations | 109.1 | 245.5 |
| Deferred income | 23.1 | 18.9 |
| Current maturities of capital lease obligations | 25.2 | 8.0 |
| Other | 609.9 | 6.0 |
| Total current liabilities | 7,559.3 | 1,834.4 |
| Long-term liabilities: | | |
| Notes payable | 7,723.7 | 5,586.4 |
| Tax receivable agreement obligations | 589.7 | 535.0 |
| Capital lease obligations | 22.4 | 4.5 |
| Deferred taxes | 540.3 | 65.6 |
| Other | 104.6 | 40.5 |
| Total long-term liabilities | 8,980.7 | 6,232.0 |
| Total liabilities | 16,540.0 | 8,066.4 |
| Commitments and contingencies (See Note 7 - Commitments, Contingencies and Guarantees) | | |
| Equity: | | |
| Class A common stock, \$0.00001 par value; 890,000,000 shares authorized; 301,855,256 shares outstanding at September 30, 2018; 162,595,981 shares outstanding at December 31, 2017 | — | — |
| Class B common stock, no par value; 100,000,000 shares authorized; 10,252,826 shares issued and outstanding at September 30, 2018 and 15,252,826 shares issued and outstanding at December 31, 2017 | — | — |
| Preferred stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding | — | — |
| Paid-in capital | 10,275.0 | 55.4 |
| Retained earnings | 482.6 | 558.0 |
| Accumulated other comprehensive (loss) income | (144.1) | 2.9 |
| Treasury stock, at cost; 3,859,659 shares at September 30, 2018 and 2,861,671 shares at December 31, 2017 | (162.1) | (83.8) |
| Total Worldpay, Inc. equity | 10,451.4 | 532.5 |
| Non-controlling interests | 370.1 | 68.1 |
| Total equity | 10,821.5 | 600.6 |
| Total liabilities and equity | \$ 27,361.5 | \$ 8,667.0 |

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

| | Nine Months Ended September 30, | |
|---|---------------------------------|-----------|
| | 2018 | 2017 |
| Operating Activities: | | |
| Net (loss) income | \$ (96.2) | \$ 229.1 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 824.0 | 237.0 |
| Amortization of customer incentives | 19.9 | 18.7 |
| Amortization and write-off of debt issuance costs | 73.2 | 3.9 |
| Gain on foreign currency forward | (35.9) | (24.4) |
| Share-based compensation expense | 99.0 | 35.1 |
| Deferred tax expense | (26.2) | 60.0 |
| Tax receivable agreements non-cash items | (4.7) | (6.1) |
| Other | (6.5) | 2.3 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (67.0) | 46.7 |
| Net settlement assets and obligations | (366.5) | 4.3 |
| Customer incentives | (19.4) | (17.7) |
| Prepaid and other assets | (22.4) | (82.9) |
| Accounts payable and accrued expenses | (140.8) | 22.3 |
| Other liabilities | (10.9) | (17.4) |
| Net cash provided by operating activities | 219.6 | 510.9 |
| Investing Activities: | | |
| Purchases of property and equipment | (191.9) | (81.9) |
| Acquisition of customer portfolios and related assets and other | (56.0) | (38.2) |
| Purchase of interest rate caps | (8.1) | — |
| Proceeds from foreign currency forward | 71.5 | — |
| Cash acquired (used) in acquisitions, net of cash used | 1,396.3 | (531.5) |
| Net cash provided by (used in) investing activities | 1,211.8 | (651.6) |
| Financing Activities: | | |
| Proceeds from issuance of long-term debt | 2,951.8 | 1,270.0 |
| Borrowings on revolving credit facility | 3,308.0 | 5,405.0 |
| Repayment of revolving credit facility | (3,533.0) | (5,046.0) |
| Repayment of debt and capital lease obligations | (2,732.6) | (108.0) |
| Payment of debt issuance costs | (91.1) | (24.0) |
| Purchase and cancellation of Class A common stock | — | (1,268.1) |
| Repurchase of Class A common stock (to satisfy tax withholding obligations) | (16.2) | (9.2) |
| Proceeds from issuance of Class A common stock under employee stock plans | 18.2 | 10.8 |
| Settlement of certain tax receivable agreements | (112.5) | (77.3) |
| Payments under tax receivable agreements | (55.3) | (46.5) |
| Distributions to non-controlling interests | (7.7) | (12.5) |
| Net cash (used in) provided by financing activities | (270.4) | 94.2 |
| Net increase (decrease) in cash and cash equivalents | 1,161.0 | (46.5) |
| Cash and cash equivalents—Beginning of period | 1,272.2 | 139.1 |
| Effect of exchange rate changes on cash | (143.5) | — |
| Cash and cash equivalents—End of period | \$ 2,289.7 | \$ 92.6 |
| Cash Payments: | | |
| Interest | \$ 205.1 | \$ 94.3 |
| Income taxes | 16.7 | 31.6 |

See Notes to Unaudited Consolidated Financial Statements.



Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

| | Total Equity | Common Stock | | | | Treasury Stock Shares | Treasury Stock Amount | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Non- Controlling Interests |
|--|-------------------|--------------|-------------|-------------|-------------|--------------------------|--------------------------|--------------------|----------------------|--|----------------------------------|
| | | Class A | | Class B | | | | | | | |
| | | Shares | Amount | Shares | Amount | | | | | | |
| Beginning Balance, January 1, 2018 | \$ 600.6 | 162.6 | — | 15.3 | \$ — | 2.9 | \$ (83.8) | \$ 55.4 | \$ 558.0 | \$ 2.9 | \$ 68.1 |
| Cumulative effect of accounting change | 22.3 | — | — | — | — | — | — | — | 22.3 | — | — |
| Net loss | (96.2) | — | — | — | — | — | — | — | (97.7) | — | 1.5 |
| Issuance of Class A common stock for acquisition | 10,364.8 | 133.6 | — | — | — | 0.8 | (64.6) | 10,429.4 | — | — | — |
| Issuance of Class A common stock under employee stock plans, net of forfeitures | 18.2 | 0.9 | — | — | — | — | — | 18.2 | — | — | — |
| Issuance of Class A common stock under employee benefit trust | — | — | — | — | — | — | 2.5 | (2.5) | — | — | — |
| Repurchase of Class A common stock (to satisfy tax withheld obligation) | (16.2) | (0.2) | — | — | — | 0.2 | (16.2) | — | — | — | — |
| Issuance of Class A common stock and cancellation of Class B common stock in connection with Fifth Third Stock Sale | — | 5.0 | — | (5.0) | — | — | — | — | — | — | — |
| Settlement of certain tax receivable agreements | 22.7 | — | — | — | — | — | — | 22.7 | — | — | — |
| Issuance of tax receivable agreements | (33.9) | — | — | — | — | — | — | (33.9) | — | — | — |
| Unrealized loss on hedging activities and foreign currency translation, net of tax | (152.1) | — | — | — | — | — | — | — | — | (147.0) | (5.1) |
| Distribution to non- controlling interests | (7.7) | — | — | — | — | — | — | — | — | — | (7.7) |
| Share-based compensation | 99.0 | — | — | — | — | — | — | 94.8 | — | — | 4.2 |
| Reallocation of non- controlling interests of Worldpay Holding due to change in ownership | — | — | — | — | — | — | — | (309.1) | — | — | 309.1 |
| Ending Balance, September 30, 2018 | \$10,821.5 | 301.9 | \$ — | 10.3 | \$ — | 3.9 | \$ (162.1) | \$10,275.0 | \$ 482.6 | \$ (144.1) | \$ 370.1 |

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

| | Total Equity | Common Stock | | | | Treasury Stock Shares | Treasury Stock Amount | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Non- Controlling Interests |
|---|-----------------|--------------|-------------|-------------|-------------|--------------------------|--------------------------|--------------------|----------------------|--|----------------------------------|
| | | Class A | | Class B | | | | | | | |
| | | Shares | Amount | Shares | Amount | | | | | | |
| Beginning Balance, January 1, 2017 | \$ 1,607.3 | 161.1 | \$ — | 35.0 | \$ — | 2.7 | \$ (73.7) | \$ 706.1 | \$ 689.5 | \$ (6.2) | \$ 291.6 |
| Cumulative effect of accounting change | 0.5 | — | — | — | — | — | — | 1.3 | (0.8) | — | — |
| Net income | 229.1 | — | — | — | — | — | — | — | 189.8 | — | 39.3 |
| Issuance of Class A common stock under employee stock plans, net of forfeitures | 10.8 | 1.5 | — | — | — | — | — | 10.8 | — | — | — |
| Repurchase of Class A common stock (to satisfy tax withholding obligation) | (9.2) | (0.1) | — | — | — | 0.1 | (9.2) | — | — | — | — |
| Purchase and cancellation of Class A common stock | (1,270.6) | — | — | (19.7) | — | — | — | (1,009.8) | (260.8) | — | — |
| Settlement of certain tax receivable agreements | 45.4 | — | — | — | — | — | — | 45.4 | — | — | — |
| Issuance of tax receivable agreements | (24.4) | — | — | — | — | — | — | (24.4) | — | — | — |
| Unrealized gain on hedging activities, net of tax | 5.7 | — | — | — | — | — | — | — | — | 4.5 | 1.2 |
| Distribution to non- controlling interests | (12.5) | — | — | — | — | — | — | — | — | — | (12.5) |
| Share-based compensation | 35.1 | — | — | — | — | — | — | 29.6 | — | — | 5.5 |
| Reallocation of non- controlling interests of Worldpay Holding due to change in ownership | — | — | — | — | — | — | — | 266.0 | — | — | (266.0) |
| Ending Balance, September 30, 2017 | \$ 617.2 | 162.5 | \$ — | 15.3 | \$ — | 2.8 | \$ (82.9) | \$ 25.0 | \$ 617.7 | \$ (1.7) | \$ 59.1 |

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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

On January 16, 2018, Worldpay completed the previously announced acquisition of all of the outstanding shares of Worldpay Group Limited, formerly Worldpay Group plc, a public limited company (“Legacy Worldpay”). Following the acquisition, the Vantiv, Inc. (“Legacy Vantiv”) name was changed to Worldpay, Inc. by amending its Second Amended and Restated Certificate of Incorporation. The effective date of the name change was January 16, 2018.

On January 16, 2018, the Company’s Class A common stock began trading on the New York Stock Exchange under the new symbol “WP” and on the London Stock Exchange via a secondary standard listing under the symbol “WPY.” Legacy Worldpay shares were delisted from the London Stock Exchange on the same day.

Worldpay is a leader in global payments providing a broad range of technology-led solutions to its clients to allow them to accept payments of almost any type, across multiple payment channels nearly anywhere in the world. The Company serves a diverse set of merchants including mobile, online and in-store, offering over 300 payment methods in 126 transaction currencies across 146 countries, while supporting various clients including large enterprises, corporates, small and medium sized businesses and eCommerce businesses. The Company operates in three reportable segments: Technology Solutions, Merchant Solutions and Issuer Solutions. For more information about the Company’s segments, refer to Note 11 - Segment Information. The Company markets its services through diverse distribution channels, including referral relationships with a broad range of partners that include merchant banks, independent software vendors (“ISVs”), value-added resellers (“VARs”), payment facilitators, independent sales organizations (“ISOs”), trade associations, and arrangements with core processors.

Basis of Presentation and Consolidation

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

As of September 30, 2018, Worldpay, Inc. and Fifth Third Bank (“Fifth Third”) owned interests in Worldpay Holding of 96.71% and 3.29%, respectively (see Note 6 - Controlling and Non-Controlling Interests for changes in non-controlling interests).

The Company accounts for non-controlling interests in accordance with Accounting Standards Codification (“ASC”) 810, *Consolidation*. Non-controlling interests primarily represent Fifth Third’s minority share of net income or loss of equity in Worldpay Holding. Net income attributable to non-controlling interests does not include expenses incurred directly by Worldpay, Inc., including income tax expense attributable to Worldpay, Inc. Non-controlling interests are presented as a component of equity in the accompanying Consolidated Statements of Financial Position.

Fifth Third Stock Sale

In June 2018, Fifth Third exchanged 5 million Class B units in Worldpay Holding for 5 million shares of the Company’s Class A common stock and subsequently sold those 5 million shares of Worldpay, Inc. Class A common stock pursuant to Rule 144 promulgated under the Securities Act of 1933 as amended. The Company did not receive any proceeds from the sale.

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

As a result of the June 2018 Fifth Third exchange of units of Worldpay Holding, the Company recorded an additional liability under the Fifth Third Tax Receivable Agreement (“TRA”) of \$120.9 million and an additional deferred tax asset of \$87.0 million associated with the increase in the tax basis. The Company recorded a corresponding reduction to paid-in-capital of \$33.9 million for the difference in the TRA liability and the related deferred tax asset.

Share Repurchase Program

In October 2016, our board of directors authorized a program to repurchase up to \$250 million of our Class A common stock. The Company has approximately \$243 million of share repurchase authority remaining as of September 30, 2018 under this authorization.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue From Contracts With Customers (Topic 606) (“ASC 606”). This ASU supersedes the revenue recognition requirements in Accounting Standard Codification (“ASC”) 605, Revenue Recognition (“ASC 605”). The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard, as amended, is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASC.

The Company adopted ASC 606 on January 1, 2018, using the modified retrospective method. The new standard requires the Company to disclose the accounting policies in effect prior to January 1, 2018, as well as the policies it has applied starting January 1, 2018. Revenue is measured based on consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a service or goods to a customer.

Periods prior to January 1, 2018

The Company has contractual agreements with its customers that set forth the general terms and conditions of the relationship including line item pricing, payment terms and contract duration. Revenues are recognized as earned (i.e., for transaction based fees, when the underlying transaction is processed) in conjunction with ASC 605. ASC 605 establishes guidance as to when revenue is realized or realizable and earned by using the following criteria: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller’s price is fixed or determinable; and (4) collectibility is reasonably assured.

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

The Company followed the guidance provided in ASC 605-45, *Principal Agent Considerations*, which states that the determination of whether a company should recognize revenue based on the gross amount billed to a customer or the net amount retained is a matter of judgment that depends on the facts and circumstances of the arrangement and that certain factors should be considered in the evaluation. The Company recognized processing revenues net of interchange fees, which are assessed to its merchant customers on all processed transactions. Interchange rates are not controlled by the Company, which effectively acts as a clearing house collecting and remitting interchange fee settlement on behalf of issuing banks, debit networks, credit card associations and its processing customers. All other revenue was reported on a gross basis, as the Company contracts directly with the end customer, assumes the risk of loss and has pricing flexibility.

Periods commencing January 1, 2018

Revenue is recognized when a customer obtains control of promised services or goods. The amount of revenue recognized reflects the consideration the Company expects to be entitled to receive in exchange for these services.

The Company has contractual agreements with its customers that set forth the general terms and conditions of the relationship including line item pricing, payment terms and contract duration. Revenue is recognized when the performance obligation under the terms of the Company's contract with its customer is satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company generates revenue primarily by processing electronic payment transactions. Set forth below is a description of the Company's revenue by segment.

Technology Solutions

Technology Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.

Merchant Solutions

Merchant Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.

Issuer Solutions

Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional personal identification number ("PIN") networks.

Performance Obligations

Since the majority of the Company's revenue relates to payment processing services for its customers, the Company's core performance obligation is to provide continuous access to the Company's system to process as much as its customers require. The Company's payment processing services consist of variable consideration under a stand-ready series of distinct days of service that are substantially the same with the same pattern of transfer to the customer.

The Company's revenue from products and services is recognized at a point in time or over time depending on the products or services, with the majority of the revenue recognized at a point in time.

Beginning in 2018, the Company records certain fees paid to third parties, including network fees and other costs, as a reduction of revenue. These fees were previously recorded on a gross basis. This change in presentation has no impact to income from operations. Under ASC 606, revenue of \$1,017.9 million and \$2,875.4 million was reported for the three and nine months ended September 30, 2018. Excluding the impact of the adoption of ASC 606, amounts recorded under ASC 605 would include \$1,715.7 million and \$697.8 million of revenue and network fees and other costs for the three months ended September 30, 2018, respectively, and \$4,877.5 million and \$2,002.1 million of revenue and network fees and other costs for the nine months ended September 30, 2018, respectively. The adoption of ASC 606 did not have a material impact on any other line items of the Company's Consolidated Statements of Income, Statements of Comprehensive Income, Statements of Financial Position, Statements of Equity and Statements of Cash Flows.

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

Disaggregation of Revenue

In the following table, revenue is disaggregated by source of revenue (in millions):

| | Three Months Ended September 30, 2018 | | | |
|------------------------------------|---------------------------------------|--------------------|------------------|-------------------|
| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
| Major Products and Services | | | | |
| Processing services | \$ 286.8 | \$ 397.4 | \$ 49.7 | \$ 733.9 |
| Products and services | 132.9 | 110.1 | 41.0 | 284.0 |
| Total | <u>\$ 419.7</u> | <u>\$ 507.5</u> | <u>\$ 90.7</u> | <u>\$ 1,017.9</u> |

| | Three Months Ended September 30, 2017 | | | |
|---|---------------------------------------|--------------------|------------------|-------------------|
| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
| Major Products and Services ⁽¹⁾ | | | | |
| Processing services | \$ 275.3 | \$ 517.3 | \$ 70.1 | \$ 862.7 |
| Products and services | 64.6 | 59.4 | 47.0 | 171.0 |
| Total | <u>\$ 339.9</u> | <u>\$ 576.7</u> | <u>\$ 117.1</u> | <u>\$ 1,033.7</u> |

⁽¹⁾ Revenue for the three months ended September 30, 2017 presented in the table above is prior to the Company's adoption of ASC 606 and therefore network fees and other costs are presented separately and not netted within revenue.

| | Nine Months Ended September 30, 2018 | | | |
|------------------------------------|--------------------------------------|--------------------|------------------|-------------------|
| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
| Major Products and Services | | | | |
| Processing services | \$ 787.8 | \$ 1,151.2 | \$ 145.2 | \$ 2,084.2 |
| Products and services | 369.9 | 308.9 | 112.4 | 791.2 |
| Total | <u>\$ 1,157.7</u> | <u>\$ 1,460.1</u> | <u>\$ 257.6</u> | <u>\$ 2,875.4</u> |

| | Nine Months Ended September 30, 2017 | | | |
|---|--------------------------------------|--------------------|------------------|-------------------|
| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
| Major Products and Services ⁽¹⁾ | | | | |
| Processing services | \$ 783.0 | \$ 1,529.7 | \$ 210.5 | \$ 2,523.2 |
| Products and services | 136.4 | 166.2 | 134.8 | 437.4 |
| Total | <u>\$ 919.4</u> | <u>\$ 1,695.9</u> | <u>\$ 345.3</u> | <u>\$ 2,960.6</u> |

⁽¹⁾ Revenue for the nine months ended September 30, 2017 presented in the table above is prior to the Company's adoption of ASC 606 and therefore network fees and other costs are presented separately and not netted within revenue.

Processing Services

Processing services revenue is primarily derived from processing credit and debit card transactions comprised of fees charged to businesses for payment processing services. The fees charged consist of either a percentage of the dollar volume of the transaction or a fixed fee, or both.

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

Products and Services

Products and services revenue is primarily derived from ancillary services such as treasury management and foreign exchange, regulatory compliance, chargebacks and fraud services.

Costs to Obtain and Fulfill a Contract

ASC 606 requires capitalizing costs of obtaining a contract when those costs are incremental and expected to be recovered. Since incremental commission fees paid to sales teams as a result of obtaining contracts are recoverable, the Company recorded a \$28.8 million (\$22.3 million net of deferred taxes) cumulative catch-up capitalized asset on January 1, 2018. As of September 30, 2018, the amount capitalized as contract costs is \$36.9 million, which is included in other non-current assets.

In order to determine the amortization period for sales commission contract costs, the Company applied the portfolio approach for “like-kind contracts” to which sales compensation earnings can be applied and allocated incentive payments to each portfolio accordingly. The Company evaluated each individual portfolio to determine the proper length of time over which the capitalized incentive should be amortized by analyzing customer attrition rates using historical data and other metrics.

The Company determined that straight-line amortization would best correspond to the transfer of services to customers since services are transferred equally over time and have limited predictable volatility. The amortization periods range from 3 to 10 years and are based on the expected life of a customer. In 2018, the amount of amortization was \$2.6 million and \$7.7 million for the three and nine months ended September 30, 2018, respectively, which is included in sales and marketing expense. There was no impairment loss in relation to the costs capitalized.

The Company recognizes incremental sales commission costs of obtaining a contract as expense when the amortization period for those assets is one year or less per the practical expedient in ASC 606. These costs are included in sales and marketing expense.

Customer incentives represent signing bonuses paid to customers. Customer incentives are paid in connection with the acquisition or renewal of customer contracts, and are therefore deferred and amortized using the straight-line method based on the expected life of the customer. Related amortization is recorded as contra-revenue.

The Company capitalizes conversion costs associated with enabling customers to receive its processing services. As of September 30, 2018 and December 31, 2017, the Company had \$39.9 million and \$21.1 million, respectively, of capitalized conversion costs included in Intangible assets - net in the Company’s Consolidated Statement of Financial Position. Amortization expense related to these costs for the three months ended September 30, 2018 and 2017 was \$2.1 million and \$0.6 million, respectively, and for the nine months ended September 30, 2018 and 2017 was \$4.5 million and \$1.7 million, respectively. Amortization of these costs is recorded in depreciation and amortization expense in the Company’s Consolidated Statements of Income. These costs are amortized over the average life of the customer.

Contract Balances

Accounts Receivable-net

Accounts receivable primarily represent processing revenues earned but not collected. For a majority of its customers, the Company has the authority to debit the client’s bank accounts; as such, collectibility is reasonably assured. Aside from debiting a client’s bank account, the Company collects a majority of its revenue via net settlement with the remaining portion collected via billing the customer. The Company records a reserve for doubtful accounts when it is probable that the accounts receivable will not be collected. The Company reviews historical loss experience and the financial position of its customers when estimating the allowance. As of September 30, 2018 and December 31, 2017, the allowance for doubtful accounts was not material to the Company’s statements of financial position.

As of September 30, 2018 and December 31, 2017, accounts receivable, net of allowance for doubtful accounts on the Company’s Consolidated Statement of Financial Position was \$1.6 billion and \$1.0 billion, respectively.

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

Contract Liabilities

Contract liabilities, which relate to advance consideration received from customers (deferred revenue) before transfer of control occurs and therefore revenue is recognized, is not material to the Company's consolidated financial statements.

Remaining Performance Obligations

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations; however, as permitted by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. As discussed above, the Company's core performance obligation consists of variable consideration under a stand-ready series of distinct days of service. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

Changes in Accounting Policies

As noted above, the Company adopted ASC 606, effective January 1, 2018, using the modified retrospective method, applying the standard to contracts that are not complete as of the date of initial application. Therefore, the comparative information has not been adjusted and continues to be reported under ASC 605. The details of the significant changes are set out below.

Under ASC 606, the Company capitalizes commission fees as costs of obtaining a contract when they are incremental and expected to be recovered. The Company amortizes these capitalized costs consistently with the pattern of transfer of the good or service to which the asset relates. If the expected amortization period is one year or less, the commission fee is expensed when incurred. The Company previously recognized sales commission fees related to contracts as sales and marketing expenses when incurred. Except for the change in revenue recognition, the Company has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Expenses

Set forth below is a brief description of the components of the Company's expenses:

- *Network fees and other costs* primarily consist of pass through expenses incurred by the Company in connection with providing processing services to the Company's clients, including Visa and Mastercard network association fees and payment network fees and only relates to the three and nine months ended September 30, 2017. Following the Company's adoption of ASC 606 on January 1, 2018, network fees and other costs are presented net within revenue.
- *Sales and marketing* expense primarily consists of salaries and benefits paid to sales personnel, sales management and other sales and marketing personnel, amortization of capitalized commission fees, residual payments made to referral partners, and advertising and promotional costs.
- *Other operating costs* primarily consist of salaries and benefits paid to operational and IT personnel, costs associated with operating the Company's technology platform and data centers, information technology costs for processing transactions, product development costs, software fees and maintenance costs.
- *General and administrative* expenses primarily consist of salaries and benefits paid to executive management and administrative employees, including finance, human resources, product, legal and risk management, share-based compensation costs, equipment and occupancy costs and consulting costs. The nine months ended September 30, 2018 includes a significant amount of transition, acquisition and integration costs related to the Legacy Worldpay acquisition. The nine months ended September 30, 2017 includes a charge related to a settlement agreement stemming from legacy litigation of an acquired company.

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

- *Non-operating expenses* during the nine months ended September 30, 2018 primarily consist of expenses relating to the Company's financing arrangements entered into in connection with the Legacy Worldpay acquisition, repricing of the Company's debt in June 2018 and the change in fair value of the Mercury TRA (see Note 8 - Fair Value Measurements), partially offset by a gain on the settlement of a deal contingent forward entered into in connection with the Company's acquisition of Legacy Worldpay. Non-operating income for the nine months ended September 30, 2017 primarily consists of an unrealized gain relating to the change in fair value of a deal contingent forward entered into in connection with the Legacy Worldpay acquisition, which was also partially offset by the change in fair value of the Mercury TRA. (see Note 8 - Fair Value Measurements).

Share-Based Compensation

The Company expenses employee share-based payments under ASC 718, *Compensation—Stock Compensation*, which requires compensation cost for the grant-date fair value of share-based payments to be recognized over the requisite service period. The Company estimates the grant date fair value of the share-based awards issued in the form of options using the Black-Scholes option pricing model. The fair value of shares issued as restricted stock, performance awards and under the Employee Stock Purchase Plan ("ESPP") is measured based on the market price of the Company's stock on the grant date.

For the nine months ended September 30, 2018 and 2017 total share-based compensation expense was \$99.0 million and \$35.1 million, respectively.

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to Worldpay, Inc. by the weighted average shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to Worldpay, Inc., adjusted as necessary for the impact of potentially dilutive securities, by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect on earnings per share. See Note 9 - Net Income Per Share for further discussion.

Dividend Restrictions

The Company does not intend to pay cash dividends on its Class A common stock in the foreseeable future. Worldpay, Inc. is a holding company that does not conduct any business operations of its own. As a result, Worldpay, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Worldpay Holding. The amounts available to Worldpay, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' loan agreements. As a result of the restrictions on distributions from Worldpay Holding and its subsidiaries, essentially all of the Company's consolidated net assets are held at the subsidiary level and are restricted as of September 30, 2018.

Income Taxes

Income taxes are computed in accordance with ASC 740, *Income Taxes*, and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. The Company has deferred tax assets and liabilities and maintains valuation allowances where it is more likely than not that all or a portion of deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, such deferred tax assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made. As of September 30, 2018, the Company has recorded valuation allowances against deferred tax assets of \$12.9 million related to foreign subsidiaries. As of December 31, 2017, the Company recorded no valuation allowances against deferred tax assets.

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

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

The Company's effective tax rates were 4.9% and 26.7% respectively, for the nine months ended September 30, 2018 and 2017. The 2018 effective tax rate reflects a \$6.9 million charge to deferred taxes relating to changes in state tax laws. The effective rate for each period reflects the impact of the Company's non-controlling interests not being taxed at the statutory U.S. corporate tax rates. The 2018 effective tax rate also reflects the impact of the Tax Cuts and Jobs Act ("Tax Reform") and the impact related to the addition of international taxing jurisdictions as a result of the Legacy Worldpay acquisition.

On December 22, 2017, the President of the United States signed into law Tax Reform. Tax Reform amended the Internal Revenue Code to reduce tax rates and modify policies, credits and deductions as well as reduce the corporate federal tax rate from a maximum of 35% to a flat 21% rate with an effective date of January 1, 2018. As of December 31, 2017, the Company preliminarily revalued its net deferred tax asset based on Tax Reform. As of September 30, 2018, the Company has not adjusted this provisional amount and is continuing to gather additional information to complete its accounting for this item and expects to complete the accounting within the prescribed measurement period.

Cash and Cash Equivalents

Cash on hand and investments with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents. The Company has restricted cash held in money market accounts, which approximate fair value and are a level 1 input in the fair value hierarchy.

Following the adoption of ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, the Company includes restricted cash in the cash and cash equivalents balance of the consolidated statements of cash flows. The reconciliation between the consolidated statement of financial position and the consolidated statement of cash flows is as follows (in millions):

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Cash and cash equivalents on consolidated statement of financial position | \$ 373.7 | \$ 126.5 |
| Proceeds from senior unsecured notes - restricted for closing of Worldpay acquisition | — | 1,135.2 |
| Other restricted cash (other current assets) | 488.1 | 10.5 |
| Merchant float | 1,427.9 | — |
| Total cash and cash equivalents on consolidated statement of cash flows | <u>\$ 2,289.7</u> | <u>\$ 1,272.2</u> |

Property, Equipment and Software—net

Property, equipment and software consists of the Company's facilities, furniture and equipment, software, land and leasehold improvements. Facilities, furniture and equipment and software are depreciated on a straight-line basis over their respective useful lives, which are 15 to 40 years for the Company's facilities and related improvements, 2 to 10 years for furniture and equipment and 3 to 8 years for software. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement which is 3 to 10 years or the term of the lease. Also included in property, equipment and software is work in progress consisting of costs associated with software developed for internal use which has not yet been placed in service. Accumulated depreciation as of September 30, 2018 and December 31, 2017 was \$503.6 million and \$372.1 million, respectively.

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

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

Goodwill and Intangible Assets

In accordance with ASC 350, *Intangibles—Goodwill and Other*, the Company tests goodwill for impairment for each reporting unit on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that implied fair value of the goodwill within the reporting unit is less than its carrying value. The Company performed its most recent annual goodwill impairment test for all reporting units as of July 31, 2018 using market data and discounted cash flow analyses. Based on this analysis, it was determined that the fair value of all reporting units was substantially in excess of the carrying value. There have been no other events or changes in circumstances subsequent to the testing date that would indicate impairment of these reporting units as of September 30, 2018.

Intangible assets consist of acquired customer relationships, trade names, customer portfolios and related assets that are amortized over their estimated useful lives. The Company reviews finite lived intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. As of September 30, 2018, there have been no such events or circumstances that would indicate potential impairment of finite lived intangible assets.

Merchant Float and Settlement Assets and Obligations

Merchant float represents surplus cash balances the Company holds on behalf of its merchant customers when the incoming amount from the card networks precedes when the funding to customers falls due. Such funds are held in a fiduciary capacity, and are not available for the Company to use to fund its cash requirements.

Settlement assets and obligations result when funds are transferred from or received by the Company prior to receiving or paying funds to a different entity. This timing difference results in a settlement asset or obligation. The amounts are generally collected or paid the following business day.

Derivatives

The Company accounts for derivatives in accordance with ASC 815, *Derivatives and Hedging*. This guidance establishes accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the statement of financial position at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item will be recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portion of the change in the fair value of the derivative will be recorded in accumulated other comprehensive income (loss) (“AOCI”) and will be recognized in the statement of income when the hedged item affects earnings. Additionally, the effective portions of the Company’s net investment hedges, which act as economic hedges of the Company’s net investments in its foreign subsidiaries, are recorded in AOCI. The Company does not enter into derivative financial instruments for speculative purposes. See Note 5 - Derivatives and Hedging Activities for further discussion.

Foreign Currencies

The U.S. dollar is the Company’s reporting currency and functional currency of the Company’s U.S.-based businesses. The Company has operations with a local currency as their functional currency, the most significant being the British Pound. Foreign currency-denominated assets and liabilities are translated into U.S. dollars based on exchange rates prevailing at the end of the period, and revenues and expenses are translated at average exchange rates during each monthly period. The effects of foreign currency translation of assets and liabilities of those entities where the functional currency is not the U.S. dollar are included as a component of Other Comprehensive Income (Loss). Transaction gains and losses related to operating assets and liabilities denominated in a currency other than an entities functional currency are included in various line items in the Company’s Consolidated Statements of Income and were immaterial for the three and nine months ended September 30, 2018. Non-operating transaction gains and losses derived from non-operating assets and liabilities denominated in a currency other than an entities functional currency are included in non-operating expense in the Company’s Consolidated Statements of Income.

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

Related Party Presentation

As a result of the Company closing the Legacy Worldpay acquisition on January 16, 2018, Fifth Third's ownership percentage in Worldpay Holding decreased below 5% and Fifth Third no longer has board representation, therefore the Company no longer considers Fifth Third a related party. Related party revenue for the period of January 1, 2018 through January 15, 2018 was not material.

The Fifth Third related party activity within the Consolidated Statements of Income for the three and nine months ended September 30, 2017 is as follows (in millions):

| Consolidated Statements of Income Location | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2017 |
|---|--|---|
| Revenue | \$ 16.7 | \$ 50.1 |

The Fifth Third related party positions within the Consolidated Statements of Financial Position for the period ending December 31, 2017 are as follows (in millions):

| Consolidated Statement of Financial Position Location | December 31, 2017 |
|--|------------------------------|
| Assets: | |
| Accounts receivable—net | \$ 0.7 |
| Liabilities: | |
| Accounts payable and accrued expenses | \$ 9.0 |
| Current portion of notes payable | 5.4 |
| Current portion of tax receivable agreement obligations | 190.2 |
| Notes payable | 158.4 |
| Tax receivable agreement obligations | 489.8 |

New Accounting Pronouncements

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which amends and simplifies existing guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. This ASU is effective for the Company in the first quarter of fiscal 2019, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than 12 months on the balance sheet as right of use assets and liabilities and disclosing key information about the lease arrangements. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company plans to elect the optional modified retrospective transition approach to apply the provisions of the new standard. This approach results in the recognition of lease assets and liabilities in the period of adoption without requiring the restatement of the prior period financials presented.

The Company has formed a project team to evaluate the potential financial statement impact of adopting this standard by analyzing existing leases, which primarily consist of real-estate leases for office space and reviewing other contracts to determine which may qualify as a lease under the new standard. This team is evaluating, designing and implementing new processes and internal controls to meet the requirements to report and disclose financial information regarding the Company's leases. In addition, the team is designing a process to perform the necessary calculations to derive the right of use asset and liabilities associated with each lease to support the requirements of the new standard. Further, the team continues to evaluate the practical expedients and accounting policy elections under the new standard as well as lease accounting systems. The Company expects these activities to continue throughout the remainder of the 2018 and anticipates adopting this ASU on January 1, 2019.

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

2. BUSINESS COMBINATIONS

Acquisition of Legacy Worldpay

On January 16, 2018, the Company completed the acquisition of Legacy Worldpay by acquiring 100% of the issued and outstanding shares (the “acquisition”). The approximately \$11.9 billion purchase price consisted of Legacy Worldpay shareholders receiving a \$1.5 billion cash payment and 133.6 million shares of the Company’s Class A common stock. The acquisition-date fair value of the 133.6 million shares of the Company’s Class A common stock issued was \$10.4 billion and was determined based on the share price of \$77.60 per share, the opening price of the Company’s Class A common stock on the New York Stock Exchange on January 16, 2018 since the acquisition closed before the market opened on January 16, 2018.

The acquisition creates a leading global payments technology company that is uniquely positioned to address clients’ needs with innovative and strategic capabilities.

The acquisition was accounted for as a business combination under ASC 805, Business Combinations (“ASC 805”). The purchase price was allocated to the assets acquired and the liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of which is deductible for tax purposes. Goodwill, assigned to Technology Solutions, Merchant and Issuer Solutions, consists primarily of the acquired workforce and growth opportunities, none of which qualify as an intangible asset.

The preliminary purchase price allocation is as follows (in millions):

| | | |
|------------------------------------|----|-----------------|
| Cash acquired | \$ | 576.3 |
| Current assets ⁽¹⁾ | | 4,139.3 |
| Property, equipment and software | | 561.1 |
| Intangible assets | | 3,380.1 |
| Goodwill | | 10,572.8 |
| Other non-current assets | | 75.6 |
| Current liabilities ⁽²⁾ | | (4,532.1) |
| Long-term debt ⁽³⁾ | | (2,304.7) |
| Deferred tax liability | | (549.8) |
| Non-current liabilities | | (43.1) |
| Total purchase price | \$ | <u>11,875.5</u> |

(1) Includes \$1,947.6 million of merchant float and \$511.1 million of other restricted cash.

(2) Includes \$118.6 million of dividend payable to reflect the special dividend granted to the shareholders of Legacy Worldpay.

(3) Includes \$1,649.9 million of debt which was paid off subsequent to the completion of acquisition.

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

Intangible assets primarily consist of customer relationship assets, software and a trade name with weighted average estimated useful lives of 6.7 years, 6.5 years and 10 years, respectively.

For the nine months ended September 30, 2018, the Company incurred transaction expenses of approximately \$120.7 million in conjunction with the acquisition of Legacy Worldpay. All transaction costs incurred for the nine months ended September 30, 2018 are included in general and administrative expenses on the accompanying consolidated statement of income.

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

Under the terms of the Legacy Worldpay transaction agreement, the Company replaced equity awards held by certain employees of Legacy Worldpay. The fair value of the replacement awards was approximately \$82.4 million. The portion of the fair value of the replacement awards related to the services provided prior to the acquisition of approximately \$44.2 million was part of the consideration transferred to acquire Legacy Worldpay. The remaining portion of the fair value is associated with future service and will be recognized as expense over the future service period.

Pro Forma Results Giving Effect to the Legacy Worldpay Acquisition

The following pro forma combined financial information presents the Company's results of operations for the three and nine months ended September 30, 2018 and 2017, as if the acquisition had occurred on January 1, 2017 (in millions, except share amounts).

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|---------------------|---------------------------------|---------------------|
| | 2018 (Actual) | 2017 (Pro forma) | 2018 (Pro forma) | 2017 (Pro forma) |
| Total revenue ⁽¹⁾ | \$ 1,017.9 | \$ 1,574.2 | \$ 2,939.2 | \$ 4,524.3 |
| Net income (loss) attributable to Worldpay, Inc. | 2.8 | 17.7 | 91.8 | (150.2) |
| Net income (loss) per share attributable to Worldpay, Inc. Class A common stock: | | | | |
| Basic | \$ 0.01 | \$ 0.06 | \$ 0.32 | \$ (0.51) |
| Diluted | \$ 0.01 | \$ 0.06 | \$ 0.31 | \$ (0.51) |
| Shares used in computing net income (loss) per share of Class A common stock: | | | | |
| Basic | 301,240,681 | 295,032,995 | 290,385,855 | 294,772,212 |
| Diluted | 313,881,826 | 296,449,542 | 292,594,557 | 294,772,212 |

⁽¹⁾ Revenue for the three and nine months ended September 30, 2017 presented in the table above is prior to the Company's adoption of ASC 606 and therefore network fees and other costs are presented separately and not netted within revenue.

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

- additional amortization expense that would have been recognized relating to the acquired intangible assets; and
- adjustment to interest expense to reflect the additional borrowings of the Company in conjunction with the acquisition and removal of Legacy Worldpay debt.
- a reduction in expenses for the three and nine months ended September 30, 2018 and a corresponding increase in the three and nine months ended September 30, 2017 for acquisition-related transaction costs and debt refinancing costs incurred by the Company.

Acquisition of Paymetric Holdings, Inc.

On May 25, 2017, the Company completed the acquisition of Paymetric Holdings, Inc. ("Paymetric") by acquiring 100% of the issued and outstanding shares. Paymetric automates business-to-business payment workflows within enterprise systems and tokenizes payments data within these systems in order to enable secure storage of customer information and history. This acquisition helps to further accelerate the Company's growth.

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

The acquisition was accounted for as a business combination under ASC 805, Business Combinations (“ASC 805”). The purchase price was allocated to the assets acquired and the liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, of which approximately \$7.8 million is deductible for tax purposes. Goodwill, assigned to Merchant Solutions, consists primarily of the acquired workforce and growth opportunities, none of which qualify as an intangible asset. The final purchase price allocation is as follows (in millions):

| | | |
|----------------------------------|----|--------------|
| Cash acquired | \$ | 11.9 |
| Current assets | | 6.5 |
| Property, equipment and software | | 92.1 |
| Intangible assets | | 47.8 |
| Goodwill | | 433.8 |
| Other assets | | 0.1 |
| Current liabilities | | (18.3) |
| Deferred tax liability | | (22.0) |
| Non-current liabilities | | (8.5) |
| Total purchase price | \$ | <u>543.4</u> |

Under the terms of the Paymetric transaction agreement, the Company replaced employee stock options held by certain employees of Paymetric. The number of replacement awards was based on options outstanding at the acquisition date. The fair value of the replacement awards was \$8.0 million and was calculated on the acquisition date using the Black-Scholes option pricing model. The portion of the fair value of the replacement awards related to the services provided prior to the acquisition of \$5.9 million was part of the consideration transferred to acquire Paymetric. The remaining portion of the fair value is associated with future service and will be recognized as expense over the future service period.

The pro forma results of the Company reflecting the acquisition of Paymetric were not material to the Company’s financial results and therefore have not been presented.

3. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the nine months ended September 30, 2018 are as follows (in millions):

| | <u>Consolidated Total</u> |
|--|---------------------------|
| Balance as of December 31, 2017 | \$ 4,173.0 |
| Goodwill attributable to acquisition of Paymetric ⁽¹⁾ | (0.2) |
| Goodwill attributable to acquisition of Legacy Worldpay ⁽²⁾ | 10,486.4 |
| Other acquisitions | 15.6 |
| Balance as of September 30, 2018 | <u>\$ 14,674.8</u> |

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

⁽²⁾ Amount of goodwill attributable to the acquisition, including its allocation to reportable segments, is preliminary and subject to change. Includes \$86.4 million of foreign currency translation movement since the acquisition date.

As discussed in Note 11 - Segment Information, during the first quarter of 2018, the Company reorganized its reportable segments. In connection with this change, the Company is in the process of finalizing its reallocation of goodwill to the new reporting units using a relative fair value approach.

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

As of September 30, 2018 and December 31, 2017, the Company's finite lived intangible assets consisted of the following (in millions):

| | September 30, 2018 | December 31, 2017 |
|---|--------------------|-------------------|
| Customer relationship intangible assets | \$ 4,600.3 | \$ 1,712.7 |
| Trade name | 356.9 | — |
| Customer portfolios and related assets | 309.9 | 249.8 |
| Patents | 1.9 | 1.6 |
| | <u>5,269.0</u> | <u>1,964.1</u> |
| Less accumulated amortization on: | | |
| Customer relationship intangible assets | 1,705.3 | 1,156.4 |
| Customer portfolios and related assets | 171.9 | 129.2 |
| Trade name | 27.0 | — |
| | <u>1,904.2</u> | <u>1,285.6</u> |
| Intangible assets, net | <u>\$ 3,364.8</u> | <u>\$ 678.5</u> |

Customer portfolios and related assets acquired during the nine months ended September 30, 2018 have weighted-average amortization periods of 4.6 years. Amortization expense on intangible assets for the three months ended September 30, 2018 and 2017 was \$260.5 million and \$55.2 million respectively. Amortization expense on intangible assets for the nine months ended September 30, 2018 and 2017 was \$627.5 million and \$166.5 million respectively.

The estimated amortization expense of intangible assets for the remainder of 2018 and the next five years is as follows (in millions):

| | | |
|--------------------------------------|----|-------|
| Three months ended December 31, 2018 | \$ | 208.1 |
| 2019 | | 750.4 |
| 2020 | | 608.6 |
| 2021 | | 500.4 |
| 2022 | | 435.1 |
| 2023 | | 275.9 |

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

4. LONG-TERM DEBT

As of September 30, 2018 and December 31, 2017, the Company's long-term debt consisted of the following (in millions):

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Term A loan, maturing in January 2023 ⁽¹⁾ | \$ 3,313.6 | \$ 2,166.7 |
| Term A loan, maturing in October 2021 ⁽²⁾ | — | 179.2 |
| Term A loan, maturing in January 2023 ⁽³⁾ | 620.7 | — |
| Term B loan, maturing in October 2023 ⁽⁴⁾ | 576.9 | 757.4 |
| Term B loan, maturing in August 2024 ⁽⁵⁾ | 1,746.2 | 1,270.0 |
| Senior Unsecured Dollar Notes, maturing in November 2025 ⁽⁶⁾ | 500.0 | 500.0 |
| Senior Unsecured Sterling Notes, maturing in November 2025 ⁽⁷⁾ | 613.8 | 635.2 |
| Senior Unsecured Euro Note, maturing in November 2022 ⁽⁸⁾ | 631.0 | — |
| Leasehold mortgage, expiring on August 10, 2021 ⁽⁹⁾ | 10.0 | 10.1 |
| Revolving credit facility, expiring in January 2023 | — | 225.0 |
| Less: Current portion of notes payable | (226.5) | (107.9) |
| Less: Original issue discount | (6.7) | (3.0) |
| Less: Debt issuance costs | (55.3) | (46.3) |
| Notes payable | <u>\$ 7,723.7</u> | <u>\$ 5,586.4</u> |

- (1) Interest at a variable base rate (LIBOR) plus a spread rate (150 basis points) (total rate of 3.63% at September 30, 2018) and amortizing on a basis of 1.25% per quarter during each of the first twelve quarters (June 2018 through March 2021), 1.875% per quarter during the next four quarters (June 2021 through March 2022) and 2.50% per quarter during the next three quarters (June 2022 through December 2022) with a balloon payment due at maturity.
- (2) Outstanding principal balance paid down using the proceeds from the GBP Term Loan A financing as part of the June 22, 2018 amendment to the Existing Loan Agreement. See below for more details.
- (3) £475 million principal outstanding, translated to U.S. dollars at the spot rate of 1.3059 U.S. dollars per Pound Sterling at September 30, 2018. Interest at a variable base rate (GBP LIBOR) plus a spread rate (150 basis points) (total rate of 2.22% at September 30, 2018) and amortizing on a basis of 1.25% per quarter during each of the first twelve quarters (June 2018 through March 2021), 1.875% per quarter during the next four quarters (June 2021 through March 2022) and 2.50% per quarter during the next three quarters (June 2022 through December 2022) with a balloon payment due at maturity.
- (4) Interest payable at a variable base rate (LIBOR) plus a spread rate (175 basis points) (total rate of 3.88% at September 30, 2018) and amortizing on a basis of 0.25% per quarter, with a balloon payment due at maturity.
- (5) Interest payable at a variable base rate (LIBOR) plus a spread rate (175 basis points) (total rate of 3.88% at September 30, 2018) and amortizing on a basis of 0.25% per quarter, with a balloon payment due at maturity.
- (6) \$500 million principal senior unsecured notes with interest payable semi-annually at a fixed rate of 4.375% and principal due upon maturity.
- (7) £470 million principal senior unsecured notes with interest payable semi-annually at a fixed rate of 3.875% and principal due upon maturity. The spot rate of 1.3059 U.S. dollars per Pound Sterling at September 30, 2018 was used to translate the Note to U.S. dollars.
- (8) €500 million principal senior unsecured note with interest payable semi-annually at a fixed rate of 3.75% and principal due upon maturity. The spot rate of 1.1617 U.S. dollars per Euro at September 30, 2018 was used to translate the Note to U.S. dollars. Includes remaining unamortized fair value premium of \$50.1 million at September 30, 2018.
- (9) Interest payable monthly at a fixed rate of 6.22%.

2018 Debt Activity

The closing of the Legacy Worldpay acquisition on January 16, 2018 resulted in the effectiveness of several debt amendments to the Company's loan agreement entered into prior to the closing. The resulting incremental funding and availability was as follows:

- \$1,605 million of additional Term A loans maturing in January 2023

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

- \$535 million of additional Term B loans maturing in August 2024
- \$600 million of additional revolving credit commitments, resulting in total available revolving credit of \$1,250 million
- \$594.5 million backstop (expired on June 15, 2018)

As a result of the closing of the Legacy Worldpay acquisition, the Company expensed approximately \$56.6 million primarily consisting of the write-offs of unamortized deferred financing fees and original issue discount (“OID”) and fees related to previously committed unused backstop facilities associated with the component of the debt activity accounted for as a debt extinguishment and certain third party costs incurred in connection with the debt activity. Amounts expensed in connection with the refinancing are recorded as a component of non-operating expenses in the accompanying consolidated statement of income for the nine months ended September 30, 2018.

On June 22, 2018, the Company amended the Existing Loan Agreement by modifying certain terms of its Term A-5 Loans (January 2023 maturity date), the Term B-3 (October 2023 maturity date) and B-4 Loans (August 2024 maturity date) and Revolving Loans (January 2023 maturity date). The amendment reduced the Company’s interest rate spread on the Term B-3 and B-4 Loans by 25 basis points and changed the pricing for the Term A-5 Loans and Revolving Loans, the immediate effect of which was to lower the interest rate spread on the Term A-5 Loans and Revolving Loans by 25 basis points.

Although the Company’s total borrowings did not change as a result of the refinancing, the amendment established a new class of Term A-6 Loans of approximately £488 million as a mirror tranche to the Term A-5 Loans under the same terms and pricing. The proceeds of the Term A-6 Loans were used to refinance and replace the existing Term A-3 Loans and certain Term A-5 Loans. In addition, commitments under the Company’s Term A-5 Loans increased by \$100 million and the proceeds were used to reduce the existing Term B-3 Loans and Term B-4 Loans, each by \$50 million.

As a result of the repricing, the Company expensed approximately \$11.4 million primarily consisting of the write-offs of unamortized deferred financing fees and OID, and certain third party costs incurred in connection with the repricing. Amounts expensed in connection with the repricing are recorded as a component of non-operating expenses in the accompanying consolidated statement of income for the nine months ended September 30, 2018.

Additionally, as a result of new debt being issued in connection with the Company’s acquisition of Legacy Worldpay in January 2018, and the amendment to reprice the Existing Loan Agreement in June 2018, the Company capitalized approximately \$23.7 million of deferred financing costs for the nine months ended September 30, 2018.

In July 2018, the Company received the required consent from the Euro Note holders to relieve reporting requirements associated with those notes, which resulted in a payment of approximately \$2.9 million, which is recorded as a component of non-operating income (expense) in the accompanying Consolidated Statement of Income for the nine months ended September 30, 2018.

2017 Debt Activity

On August 7, 2017, the Company funded the Fifth Third share purchase by amending the Second Amended Loan Agreement to permit Worldpay Holding to obtain approximately \$1,270.0 million of additional seven-year term B loans. As a result of this borrowing, the Company capitalized approximately \$23.1 million of deferred financing fees during the year ended December 31, 2017.

In connection with the Legacy Worldpay acquisition, on December 7, 2017, the Company priced an offering of \$500 million aggregate principal amount of 4.375% senior unsecured notes due 2025 and £470 million aggregate principal amount of 3.875% senior unsecured notes due 2025, listed in the table above. The spot rate of 1.3515 U.S. dollars per Pound Sterling at December 31, 2017 was used to translate the Senior Unsecured Sterling Notes to U.S. dollars. The proceeds received in the connection with the senior unsecured notes offering were held in escrow and restricted as of December 31, 2017 pending the consummation of the acquisition, which subsequently took place on January 16, 2018.

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

Guarantees and Security

The Company's debt obligations at September 30, 2018 are unconditional and, with the exception of the Euro Note, are guaranteed by Worldpay Holding and certain of Worldpay Holding's existing and subsequently acquired or organized domestic subsidiaries. The refinanced debt and related guarantees are secured on a first-priority basis (subject to liens permitted under the Third Amended and Restated Loan Agreement) by a lien on substantially all the tangible and intangible assets of the Company and the aforementioned subsidiaries, including substantially all the capital stock (subject to a 65% limitation on pledges of capital stock of foreign subsidiaries and domestic holding companies of foreign subsidiaries) and personal property of Worldpay Holding and any obligors under the Third Amended and Restated Loan Agreement as well as any real property in excess of \$25 million in the aggregate held by Worldpay Holding or any obligors (other than Worldpay Holding), subject to certain exceptions. The Euro Note is guaranteed by Worldpay Group Limited. Additionally, the Euro Note is also guaranteed by Worldpay LLC as a result of the successful bond consent in July 2018.

Covenants

There are certain financial and non-financial covenants contained in the Existing Loan Agreement for the refinanced debt, which are tested on a quarterly basis. The financial covenants require maintenance of certain leverage and interest coverage ratios. At September 30, 2018, the Company was in compliance with these financial covenants.

5. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company enters into derivative financial instruments to manage differences in the amount, timing and duration of its known or expected cash payments related to its variable-rate debt. As of September 30, 2018 and December 31, 2017, the Company's interest rate derivative instruments for this purpose consist of interest rate swaps and interest rate cap agreements. The interest rate swaps hedge the variable rate debt by effectively converting floating-rate payments to fixed-rate payments. The interest rate cap agreements cap a portion of the Company's variable rate debt if interest rates rise above the strike rate on the contract.

In May 2018, the Company entered into additional interest rate cap and swap agreements and the Company paid an upfront premium of approximately \$8.1 million for the interest rate caps. As of September 30, 2018, the Company's interest rate cap agreements, including those executed in prior years, had a fair value of \$35.8 million, classified within other current and non-current assets on the Company's consolidated statements of financial position. The interest rate swaps and caps (collectively "interest rate contracts") are designated as cash flow hedges for accounting purposes.

Additionally, during 2017 the Company entered into a deal contingent foreign currency forward contract. The foreign currency forward served as an economic hedge of the pound sterling denominated portion of the purchase price relating to the Legacy Worldpay acquisition. The foreign currency forward was not designated as a hedge for accounting purposes and, as discussed below, was settled in connection with the closing of the Legacy Worldpay acquisition.

Accounting for Derivative Instruments

The Company recognizes derivatives in other current and non-current assets or liabilities in the accompanying consolidated statements of financial position at their fair values. Refer to Note 8 - Fair Value Measurements for a detailed discussion of the fair value of its derivatives. The Company designates its interest rate contracts as cash flow hedges of forecasted interest rate payments related to its variable-rate debt.

The Company formally documents all relationships between hedging instruments and underlying hedged transactions, as well as its risk management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions. A formal assessment of hedge effectiveness is performed both at inception of the hedge and on an ongoing basis to determine whether the hedge is highly effective in offsetting changes in cash flows of the underlying hedged item. Hedge effectiveness is assessed using a regression analysis. If it is determined that a derivative ceases to be highly effective during the term of the hedge, the Company will discontinue hedge accounting for such derivative.

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

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

Cash Flow Hedges of Interest Rate Risk

The following table presents the Company's interest rate swaps and caps (in millions):

| Derivative | Use of Derivative | Hedge Designation | Notional Value | Exposure Periods | Strike Rate |
|--------------------|---------------------------------------|-------------------|----------------|------------------------------|-------------|
| Interest rate swap | Manage fluctuations in interest rates | Cash flow hedge | \$ 500 | January 2018 to January 2019 | |
| Interest rate swap | Manage fluctuations in interest rates | Cash flow hedge | 600 | June 2018 to June 2021 | |
| Interest rate swap | Manage fluctuations in interest rates | Cash flow hedge | 500 | June 2019 to June 2021 | |
| Total | | | \$ 1,600 | | |
| Interest rate cap | Manage fluctuations in interest rates | Cash flow hedge | \$ 1,000 | January 2017 to January 2020 | 0.75% |
| Interest rate cap | Manage fluctuations in interest rates | Cash flow hedge | 600 | June 2018 to June 2021 | 2.25% |
| Total | | | \$ 1,600 | | |

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

| | Consolidated Statement of Financial Position Location | September 30, 2018 | | December 31, 2017 | |
|-------------------------|---|--------------------|------|-------------------|------|
| | | | | | |
| Interest rate contracts | Other current assets | \$ | 20.4 | \$ | 9.7 |
| Interest rate contracts | Other long-term assets | | 17.5 | | 14.7 |
| Interest rate contracts | Other current liabilities | | 0.5 | | 4.2 |
| Interest rate contracts | Other long-term liabilities | | — | | 0.2 |

Any ineffectiveness associated with such derivative instruments will be recorded immediately as interest expense in the accompanying consolidated statements of income. As of September 30, 2018, the Company estimates that \$10.2 million will be reclassified from accumulated other comprehensive income as a decrease to interest expense during the next 12 months.

The table below presents the pre-tax effect of the Company's interest rate contracts on the accompanying consolidated statements of comprehensive income for the three and nine months ended September 30, 2018 and 2017 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|--------|---------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Derivatives in cash flow hedging relationships: | | | | |
| Amount of gain (loss) recognized in OCI (effective portion) ⁽¹⁾ | \$ 4.7 | \$ 0.4 | \$ 14.2 | \$ 0.1 |
| Amount of gain (loss) reclassified from accumulated OCI into earnings (effective portion) | 0.3 | (1.1) | (0.1) | (8.4) |
| Amount of gain recognized in earnings ⁽²⁾ | — | — | 0.1 | — |

⁽¹⁾ "OCI" represents other comprehensive income.

⁽²⁾ For the three and nine months ended September 30, 2018, amount represents hedge ineffectiveness.

Credit Risk Related Contingent Features

As of September 30, 2018, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$0.6 million.

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

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of September 30, 2018, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions at September 30, 2018, it could have been required to settle its obligations under the agreements at their termination value of \$0.6 million.

Deal Contingent Forward

On August 9, 2017, the Company entered into a £1,150 million notional deal contingent forward to economically hedge a portion of the purchase price relating to the Legacy Worldpay acquisition. The deal contingent forward settled upon the closing of the Legacy Worldpay acquisition in January 2018 and the Company recognized a related realized gain of approximately \$69.0 million, of which approximately \$35.9 million of the gain relates to the nine months ended September 30, 2018, which is recorded in non-operating expense.

Net Investment Hedges

To help protect the net investment in foreign operations from adverse changes in foreign currency exchange rates, the Company uses non-derivative financial instruments, such as its foreign currency-denominated debt, as economic hedges of its net investments in its Euro and GBP functional subsidiaries (see Note 4 - Long-Term Debt for more discussion on the Company's foreign currency-denominated debt). The Company designated a portion of its Euro denominated debt and 100% of its GBP denominated debt as net investment hedges.

The effective portions of the net investment hedges are recorded in other comprehensive income. During the three and nine months ended September 30, 2018, the Company recognized in other comprehensive income pre-tax gain of \$4.3 million and \$44.2 million, respectively, relating to these net investment hedges. No ineffectiveness was recorded to earnings on the net investment hedges for three and nine months ended September 30, 2018.

6. CONTROLLING AND NON-CONTROLLING INTERESTS

The Company has various non-controlling interests that are accounted for in accordance with ASC 810, *Consolidation* ("ASC 810"). As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, Worldpay, Inc. owns a controlling interest in Worldpay Holding, and therefore consolidates the financial results of Worldpay Holding and its subsidiaries and records non-controlling interest for the economic interests in Worldpay Holding held by Fifth Third. The Exchange Agreement entered into prior to the Company's initial public offering ("IPO") provides for a 1 to 1 ratio between the units of Worldpay Holding and the common stock of Worldpay, Inc.

In May 2014, the Company entered into a joint venture with a bank partner which provides customers a comprehensive suite of payment solutions. Worldpay Holding owns 51% and the bank partner owns 49% of the joint venture. The joint venture is consolidated by the Company in accordance with ASC 810, with the associated non-controlling interest included in "Net income attributable to non-controlling interests" in the consolidated statements of income.

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

As of September 30, 2018, Worldpay, Inc.'s interest in Worldpay Holding was 96.71%. Changes in units and related ownership interest in Worldpay Holding are summarized as follows:

| | Worldpay, Inc. | Fifth Third | Total |
|---|----------------|-------------|-------------|
| As of December 31, 2017 | 162,595,981 | 15,252,826 | 177,848,807 |
| <i>% of ownership</i> | 91.42% | 8.58% | |
| Shares issued for acquisition, net of shares acquired | 133,567,146 | — | 133,567,146 |
| Fifth Third exchange of Worldpay Holding units for shares of Class A common stock | 5,000,000 | (5,000,000) | — |
| Equity plan activity ⁽¹⁾ | 692,129 | — | 692,129 |
| As of September 30, 2018 | 301,855,256 | 10,252,826 | 312,108,082 |
| <i>% of ownership</i> | 96.71% | 3.29% | |

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

The Company issued 134.4 million shares of Class A common stock and acquired approximately 833,000 treasury shares held in a trust for reissuance, in connection with its acquisition of 100% of the issued and outstanding shares of Legacy Worldpay on January 16, 2018.

In June 2018, Fifth Third exchanged 5 million Class B units in Worldpay Holding for 5 million shares of the Company's Class A common stock and subsequently sold those 5 million shares of Worldpay, Inc. Class A common stock pursuant to Rule 144 promulgated under the Securities Act of 1933 as amended. The Company did not receive any proceeds from the sale.

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------|---------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Net income (loss) | \$ 3.6 | \$ 106.9 | \$ (96.2) | \$ 229.1 |
| Items not allocable to non-controlling interests: | | | | |
| Worldpay, Inc. expenses ⁽¹⁾ | 2.3 | 14.2 | 52.4 | 25.1 |
| Worldpay Holding net income (loss) | \$ 5.9 | \$ 121.1 | \$ (43.8) | \$ 254.2 |
| Net income attributable to non-controlling interests of Fifth Third ⁽²⁾ | \$ 0.2 | \$ 14.1 | \$ — | \$ 37.6 |
| Net income attributable to joint venture non-controlling interest ⁽³⁾ | 0.6 | 0.7 | 1.5 | 1.7 |
| Total net income attributable to non-controlling interests | \$ 0.8 | \$ 14.8 | \$ 1.5 | \$ 39.3 |

⁽¹⁾ Primarily represents income tax expense for the three months ended September 30, 2018 and acquisition related expenses for the nine months ended September 30, 2018. Primarily represents income tax expense for the three and nine months ended September 30, 2017.

⁽²⁾ Net income attributable to non-controlling interests of Fifth Third reflects the allocation of Worldpay Holding's net income based on the proportionate ownership interests in Worldpay Holding held by the non-controlling unit holders. The net income attributable to non-controlling unit holders reflects the changes in ownership interests summarized in the table above.

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

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

7. COMMITMENTS, CONTINGENCIES AND GUARANTEES

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

Legal Settlement

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

Under the terms of the Agreement, in exchange for a release from all claims relating to such legacy business practices from the beginning of the applicable settlement class period through the date of preliminary approval of the settlement, the Company incurred a charge of \$38.0 million for the nine months ended September 30, 2017 related to the settlement. Final claims data resulted in the Company recording an additional \$3.5 million charge for the settlement in the fourth quarter of 2017.

While the agreement contains no admission of wrongdoing and the Company believes it has meritorious defenses to the claims, the Company agreed to the structure of the settlement, in order to save costs and avoid the risks of on-going litigation.

8. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the hierarchy prescribed in ASC 820, Fair Value Measurement, based upon the available inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- *Level 1 Inputs*—Quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- *Level 2 Inputs*—Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including but not limited to quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities and observable inputs other than quoted prices such as interest rates or yield curves.
- *Level 3 Inputs*—Unobservable inputs reflecting the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of September 30, 2018 and December 31, 2017 (in millions):

| | September 30, 2018 | | | December 31, 2017 | | |
|--|-------------------------------|---------|---------|-------------------|---------|---------|
| | Fair Value Measurements Using | | | | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Assets: | | | | | | |
| Interest rate contracts | \$ — | \$ 37.9 | \$ — | \$ — | \$ 24.4 | \$ — |
| Deal contingent foreign currency forward | — | — | — | — | 33.1 | — |
| Liabilities: | | | | | | |
| Interest rate contracts | \$ — | \$ 0.5 | \$ — | \$ — | \$ 4.4 | \$ — |
| Mercury TRA | — | 51.6 | — | — | 100.5 | — |

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

Interest Rate Contracts

The Company uses interest rate contracts to manage interest rate risk. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. The fair value of the interest rate caps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected future cash flows of each interest rate cap. This analysis reflects the contractual terms of the interest rate caps, including the period to maturity, and uses observable market inputs including interest rate curves and implied volatilities. In addition, to comply with the provisions of ASC 820, *Fair Value Measurement*, credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its interest rate contracts for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company determined that the majority of the inputs used to value its interest rate contracts fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its interest rate contracts utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September 30, 2018 and December 31, 2017, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its interest rate contracts and determined that the credit valuation adjustment was not significant to the overall valuation of its interest rate contracts. As a result, the Company classified its interest rate contract valuations in Level 2 of the fair value hierarchy. See Note 5 - Derivatives and Hedging Activities for further discussion of the Company's interest rate contracts.

Deal Contingent Forward

The Company used a foreign currency contract to manage its foreign currency exposure relating to the Worldpay transaction (see Note 5 - Derivatives and Hedging Activities). The fair value of the foreign currency forward was determined using the market standard methodology of discounting the projected settlement value of the instrument. The projected settlement value is based on the expectation of future foreign currency rates derived from observed market interest rate curves. In addition, to comply with the provisions of ASC 820, credit valuation adjustments are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its foreign currency forward contract for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees.

Mercury TRA

The Mercury TRA is considered contingent consideration as it is part of the consideration payable to the former owners of Mercury. Such contingent consideration is measured at fair value based on estimates of discounted future cash flows associated with the estimated payments to the Mercury TRA Holders. Through 2016, the discount rate was considered a significant unobservable input used in the fair value measurement of the Mercury TRA. However, due to the passage of time, the discount rate is no longer a significant input at September 30, 2018 and December 31, 2017. The liability recorded is re-measured at fair value at each reporting period with the change in fair value recognized in earnings as a non-operating expense.

The following table summarizes carrying amounts and estimated fair values for the Company's financial instrument liabilities that are not reported at fair value in our consolidated statements of financial position as of September 30, 2018 and December 31, 2017 (in millions):

| | September 30, 2018 | | December 31, 2017 | |
|---------------------|--------------------|------------|-------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Liabilities: | | | | |
| Notes payable | \$ 7,950.2 | \$ 7,977.0 | \$ 5,694.3 | \$ 5,772.1 |

We consider that the carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximates fair value (Level 1) given the short-term nature of these items. The fair value of the Company's notes payable was estimated based on rates currently available to the Company for bank loans with similar terms and maturities and is classified in Level 2 of the fair value hierarchy.

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

9. NET INCOME PER SHARE

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

Diluted net income per share is calculated assuming that Worldpay Holding is a wholly-owned subsidiary of Worldpay, Inc., therefore eliminating the impact of Fifth Third's non-controlling interest. Pursuant to the Exchange Agreement, the Class B units of Worldpay Holding ("Class B units"), which are held by Fifth Third and represent the non-controlling interest in Worldpay Holding, are convertible into shares of Class A common stock on a one-for-one basis. Based on this conversion feature, diluted net income per share is calculated assuming the conversion of the Class B units on an "if-converted" basis. Due to the Company's structure as a C corporation and Worldpay Holding's structure as a pass-through entity for tax purposes, the numerator in the calculation of diluted net income per share is adjusted accordingly to reflect the Company's income tax expense assuming the conversion of the Fifth Third non-controlling interest into Class A common stock.

During the nine months ended September 30, 2018, approximately 13.5 million weighted average Class B units of Worldpay Holding were excluded in computing diluted net loss per share because including them would have an antidilutive effect. During the three and nine months ended September 30, 2017, approximately 23.6 million and 31.2 million, respectively, weighted-average dilutive Class B units of Worldpay Holding were excluded in computing diluted net income per share because including them would have an antidilutive effect. As the Class B units of Worldpay Holding were not included, the numerator used in the calculation of diluted net (loss) income per share was equal to the numerator used in the calculation of basic net (loss) income per share for the nine months ended September 30, 2018 and for the three months and nine months ended September 30, 2017. As of September 30, 2018 and 2017, there were approximately 10.3 million and 15.3 million Class B units outstanding, respectively.

In addition to the Class B units discussed above, due to the net loss for the nine months ended September 30, 2018, approximately 2.2 million potentially dilutive securities were excluded from the denominator in computing dilutive net income per share. Potentially dilutive securities during the three months ended September 30, 2018 and the three and nine months ended September 30, 2017 included restricted stock awards, restricted stock units, stock options, performance share awards and ESPP purchase rights.

The shares of Class B common stock do not share in the earnings or losses of the Company and are therefore not participating securities. Accordingly, basic and diluted net income (loss) per share of Class B common stock have not been presented.

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------------|---------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Basic: | | | | |
| Net income (loss) attributable to Worldpay, Inc. | \$ 2.8 | \$ 92.1 | \$ (97.7) | \$ 189.8 |
| Shares used in computing basic net income (loss) per share: | | | | |
| Weighted-average Class A common shares | 301,240,681 | 161,465,849 | 290,385,855 | 161,205,066 |
| Basic net income (loss) per share | \$ 0.01 | \$ 0.57 | \$ (0.34) | \$ 1.18 |
| Diluted: | | | | |
| Consolidated (loss) before applicable income taxes | \$ (1.0) | \$ — | \$ — | \$ — |
| Income tax benefit excluding impact of non-controlling interest | (3.6) | — | — | — |
| Net income (loss) attributable to Worldpay, Inc. | \$ 2.6 | \$ 92.1 | \$ (97.7) | \$ 189.8 |
| Shares used in computing diluted net income (loss) per share: | | | | |
| Weighted-average Class A common shares | 301,240,681 | 161,465,849 | 290,385,855 | 161,205,066 |
| Weighted-average Class B units of Worldpay Holding | 10,252,826 | — | — | — |
| Stock options | 949,483 | 739,835 | — | 706,632 |
| Restricted stock awards, restricted stock units and employee stock purchase plan | 1,398,259 | 645,508 | — | 664,275 |
| Performance awards | 40,577 | 31,204 | — | 41,809 |
| Diluted weighted-average shares outstanding | 313,881,826 | 162,882,396 | 290,385,855 | 162,617,782 |
| Diluted net income (loss) per share | \$ 0.01 | \$ 0.57 | \$ (0.34) | \$ 1.17 |

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

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity of the components of accumulated other comprehensive income (loss) (“AOCI”) related to hedging and other activities for the three and nine months ended September 30, 2018 and 2017 is presented below (in millions):

| | Total Other Comprehensive Income (Loss) | | | | | | |
|---|---|--------------------|------------------|-------------------|---|-----------------------------------|------------------------|
| | AOCI Beginning Balance | Pretax Activity | Tax Effect | Net Activity | Attributable to non- controlling interests | Attributable to Worldpay, Inc. | AOCI Ending Balance |
| Three Months Ended September 30, 2018 | | | | | | | |
| Net change in fair value of cash flow hedge recorded in AOCI | \$ (7.0) | \$ 4.7 | \$ (1.1) | \$ 3.6 | \$ (0.2) | \$ 3.4 | \$ (3.6) |
| Net realized loss on cash flow hedge reclassified into earnings ^(a) | 17.0 | (0.3) | 0.1 | (0.2) | — | (0.2) | 16.8 |
| Translation adjustments on net investment hedge recorded in AOCI ^(b) | 28.9 | 4.3 | (1.0) | 3.3 | (0.1) | 3.2 | 32.1 |
| Foreign currency translation adjustments ^(c) | (82.5) | (110.6) | — | (110.6) | 3.7 | (106.9) | (189.4) |
| Net change | <u>\$ (43.6)</u> | <u>\$ (101.9)</u> | <u>\$ (2.0)</u> | <u>\$ (103.9)</u> | <u>\$ 3.4</u> | <u>\$ (100.5)</u> | <u>\$ (144.1)</u> |
| Three Months Ended September 30, 2017 | | | | | | | |
| Net change in fair value recorded in accumulated OCI | \$ (18.0) | \$ 0.4 | \$ (0.2) | \$ 0.2 | \$ 0.2 | \$ 0.4 | \$ (17.6) |
| Net realized loss reclassified into earnings ^(a) | 15.4 | 1.1 | (0.5) | 0.6 | (0.1) | 0.5 | 15.9 |
| Net change | <u>\$ (2.6)</u> | <u>\$ 1.5</u> | <u>\$ (0.7)</u> | <u>\$ 0.8</u> | <u>\$ 0.1</u> | <u>\$ 0.9</u> | <u>\$ (1.7)</u> |
| Nine Months Ended September 30, 2018 | | | | | | | |
| Net change in fair value of cash flow hedge recorded in AOCI | \$ (13.8) | \$ 14.2 | \$ (3.3) | \$ 10.9 | \$ (0.7) | \$ 10.2 | \$ (3.6) |
| Net realized loss on cash flow hedge reclassified into earnings ^(a) | 16.7 | 0.1 | — | 0.1 | — | 0.1 | 16.8 |
| Translation adjustments on net investment hedge recorded in AOCI ^(b) | — | 44.2 | (10.1) | 34.1 | (2.0) | 32.1 | 32.1 |
| Foreign currency translation adjustments ^(c) | — | (197.2) | — | (197.2) | 7.8 | (189.4) | (189.4) |
| Net change | <u>\$ 2.9</u> | <u>\$ (138.7)</u> | <u>\$ (13.4)</u> | <u>\$ (152.1)</u> | <u>\$ 5.1</u> | <u>\$ (147.0)</u> | <u>\$ (144.1)</u> |
| Nine Months Ended September 30, 2017 | | | | | | | |
| Net change in fair value recorded in accumulated OCI | \$ (17.8) | \$ 0.1 | \$ (0.1) | \$ — | \$ 0.2 | \$ 0.2 | \$ (17.6) |
| Net realized loss reclassified into earnings ^(a) | 11.6 | 8.4 | (2.7) | 5.7 | (1.4) | 4.3 | 15.9 |
| Net change | <u>\$ (6.2)</u> | <u>\$ 8.5</u> | <u>\$ (2.8)</u> | <u>\$ 5.7</u> | <u>\$ (1.2)</u> | <u>\$ 4.5</u> | <u>\$ (1.7)</u> |

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

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

⁽¹⁾ The three and nine months ended September 30, 2018 and 2017 reflect amounts of losses reclassified from AOCI into earnings, representing the effective portion of the hedging relationships, and are recorded in interest expense-net.

(b) See Note 5 - Derivatives and Hedging Activities for more information on net investment hedge activity.

(c) There is no tax impact on the foreign translation adjustments due to the Tax Reform impact on distributions, enacted in 2017.

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

11. SEGMENT INFORMATION

As a result of changes driven by the Company's acquisition of Legacy Worldpay, the Company's reportable segments have changed and the Company has recast the three and nine months ended September 30, 2017 segment information to align with the new reportable segments. The new segments are Technology Solutions, Merchant Solutions and Issuer Solutions, which are organized based on the Company's solution offerings. The reorganization consisted of separating the Company's former Merchant segment into two separate segments, Technology Solutions and Merchant Solutions, with the Company's Financial Institutions segment renamed Issuer Solutions. The Company's Chairman of the Board and Co-Chief Executive Officer is the chief operating decision maker ("CODM"), who evaluates the performance and allocates resources based on the operating results of each segment. The Company's reportable segments are the same as the Company's operating segments and there is no aggregation of the Company's operating segments. Below is a summary of each segment:

- *Technology Solutions* - Technology Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.
- *Merchant Solutions* - Merchant Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.
- *Issuer Solutions* - Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional PIN networks.

Segment operating results are presented below (in millions). The results reflect revenues and expenses directly related to each segment. The Company does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

Segment profit reflects revenue less sales and marketing costs of the segment. The Company's CODM evaluates this metric in analyzing the results of operations for each segment.

Three Months Ended September 30, 2018

| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
|---|-----------------------------|---------------------------|-------------------------|-----------------|
| Revenue | \$ 419.7 | \$ 507.5 | \$ 90.7 | \$ 1,017.9 |
| Network fees and other costs ⁽¹⁾ | — | — | — | — |
| Sales and marketing | 115.2 | 174.0 | 6.6 | 295.8 |
| Segment profit | <u>\$ 304.5</u> | <u>\$ 333.5</u> | <u>\$ 84.1</u> | <u>\$ 722.1</u> |

⁽¹⁾ For the three months ended September 30, 2018 network fees and other costs are netted within revenue as the result of the Company's adoption of ASC 606 on January 1, 2018.

Three Months Ended September 30, 2017

| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
|------------------------------|-----------------------------|---------------------------|-------------------------|-----------------|
| Revenue | \$ 339.9 | \$ 576.7 | \$ 117.1 | \$ 1,033.7 |
| Network fees and other costs | 115.2 | 332.6 | 31.7 | 479.5 |
| Sales and marketing | 73.6 | 94.4 | 5.8 | 173.8 |
| Segment profit | <u>\$ 151.1</u> | <u>\$ 149.7</u> | <u>\$ 79.6</u> | <u>\$ 380.4</u> |

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

Nine Months Ended September 30, 2018

| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
|---|-----------------------------|---------------------------|-------------------------|-------------------|
| Revenue | \$ 1,157.7 | \$ 1,460.1 | \$ 257.6 | \$ 2,875.4 |
| Network fees and other costs ⁽¹⁾ | — | — | — | — |
| Sales and marketing | 309.2 | 516.8 | 19.2 | 845.2 |
| Segment profit | <u>\$ 848.5</u> | <u>\$ 943.3</u> | <u>\$ 238.4</u> | <u>\$ 2,030.2</u> |

(1) For the nine months ended September 30, 2018 network fees and other costs are netted within revenue as the result of the Company's adoption of ASC 606 on January 1, 2018.

Nine Months Ended September 30, 2017

| | Technology Solutions | Merchant Solutions | Issuer Solutions | Total |
|------------------------------|-----------------------------|---------------------------|-------------------------|-------------------|
| Revenue | \$ 919.4 | \$ 1,695.9 | \$ 345.3 | \$ 2,960.6 |
| Network fees and other costs | 335.3 | 976.2 | 94.8 | 1,406.3 |
| Sales and marketing | 203.3 | 276.3 | 17.5 | 497.1 |
| Segment profit | <u>\$ 380.8</u> | <u>\$ 443.4</u> | <u>\$ 233.0</u> | <u>\$ 1,057.2</u> |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|---|-----------------|--|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Total segment profit | \$ 722.1 | \$ 380.4 | \$ 2,030.2 | \$ 1,057.2 |
| Less: Other operating costs | (174.8) | (79.4) | (515.4) | (234.3) |
| Less: General and administrative | (140.7) | (49.6) | (527.6) | (189.6) |
| Less: Depreciation and amortization | (328.9) | (82.5) | (824.0) | (237.0) |
| Less: Interest expense—net | (75.2) | (38.5) | (230.3) | (97.4) |
| Less: Non-operating expense | (3.5) | 21.2 | (34.1) | 13.7 |
| (Loss) income before applicable income taxes | <u>\$ (1.0)</u> | <u>\$ 151.6</u> | <u>\$ (101.2)</u> | <u>\$ 312.6</u> |

Worldpay, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This management's discussion and analysis provides a review of the results of operations, financial condition and liquidity and capital resources of Worldpay, Inc., formerly Vantiv, Inc. ("Worldpay", "we", "us", "our" or the "company" refer to Worldpay, Inc. and its consolidated subsidiaries) and outlines the factors that affected recent results, as well as factors that may affect future results. Our actual results in the future may differ materially from those anticipated in these forward looking statements as a result of many factors, including those set forth under "Risk Factors", "Forward Looking Statements" and elsewhere in this report. The following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report, as well as management's discussion and analysis and consolidated financial statements for the year ended December 31, 2017 included in our most recent Annual Report on Form 10-K.

Overview

Worldpay, Inc. is a leading global payments technology company providing a broad range of technology-led solutions to its merchant clients to allow them to accept payments of almost any type, across multiple payment channels, nearly anywhere in the world. We serve a diverse set of merchants across a variety of end-markets, sizes and geographies. We are the largest merchant acquirer and PIN debit acquirer by number of transactions, according to the Nilson Report, and a leading payment processor in the United States and the United Kingdom differentiated by our technology, breadth of distribution and superior cost structure. Our technology enables us to efficiently provide a comprehensive suite of services to both merchants and financial institutions of all sizes as well as to innovate, develop and deploy new services, while providing us with significant economies of scale. Our broad and varied distribution provides us with a growing and diverse client base of merchants and financial institutions. Our merchant client base includes merchant locations across the globe. Our financial institution client base includes regional banks, community banks, credit unions and regional PIN debit networks.

On January 16, 2018, our Class A common stock began trading on the New York Stock Exchange under the new symbol "WP" and on the London Stock Exchange via a secondary standard listing under the symbol "WPY." Legacy Worldpay shares were delisted from the London Stock Exchange on the same day.

Executive Overview

Revenue for the three months ended September 30, 2018 decreased 2% to \$1,017.9 million from \$1,033.7 million in 2017. Revenue for the nine months ended September 30, 2018 decreased 3% to \$2,875.4 million from \$2,960.6 million in 2017. For the three and nine months ended September 30, 2018 net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as the result of our adoption of Accounting Standard Update 2014-09, Revenue From Contracts With Customers (Topic 606) ("ASC 606") on January 1, 2018. See Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in "Item 1 - Notes to Unaudited Consolidated Financial Statements" for more information about the adoption of ASC 606.

Income from operations for the three months ended September 30, 2018 decreased 54% to \$77.7 million from \$168.9 million in 2017. Income from operations for the nine months ended September 30, 2018 decreased 59% to \$163.2 million from \$396.3 million in 2017. The decrease for the three months ended September 30, 2018 primarily relates to increased depreciation and amortization expense as a result of the acquired assets associated with our acquisition of Legacy Worldpay. The decrease for the nine months ended September 30, 2018 primarily relates to increased depreciation and amortization expense as well as acquisition expenses, which are both associated with our acquisition of Legacy Worldpay.

Net income for the three months ended September 30, 2018 was \$3.6 million compared to \$106.9 million in 2017. Net income attributable to Worldpay, Inc. for the three months ended September 30, 2018 was \$2.8 million compared to \$92.1 million in 2017. Net income for the nine months ended September 30, 2018 was a loss of \$96.2 million as compared to income of \$229.1 million in 2017. Net income attributable to Worldpay, Inc. for the nine months ended September 30, 2018 was a loss of \$97.7 million as compared to income of \$189.8 million in 2017. See the "Results of Operations" section of this Management's Discussion and Analysis for a discussion of our financial results.

Recent Acquisitions

On January 16, 2018, we completed the acquisition of Worldpay Group Limited, formerly Worldpay Group plc, a public limited company (“Legacy Worldpay”) by acquiring 100% of the issued and outstanding shares. The acquisition creates a leading global integrated payment technology and international eCommerce payment provider and will enable us to take advantage of strategic and innovative opportunities to provide differentiated and diversified solutions to address clients’ needs.

On May 25, 2017, we completed the acquisition of Paymetric Holdings, Inc. (“Paymetric”) by acquiring 100% of the issued and outstanding shares. Paymetric automates business-to-business payment workflows within enterprise systems and tokenizes payments data within these systems in order to enable secure storage of customer information and history. This acquisition helps to further accelerate our growth.

Please see Note 2 - Business Combinations in “Item 1 - Notes to Unaudited Consolidated Financial Statements” for more information about these acquisitions.

Our Segments, Revenue and Expenses

Technology Solutions

Technology Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.

Merchant Solutions

Merchant Solutions provides merchant acquiring and payment processing services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.

Issuer Solutions

Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional PIN networks.

Revenue

We provide a wide range of electronic payment and related products and services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximize the rate at which payments are approved, manage the risk of fraud, and optimize their costs of operating globally.

We generate revenue primarily by providing payment processing as well as related products and services. The segment discussion above provides a description of our revenues by segment.

Network Fees and Other Costs

Network fees and other costs primarily consist of pass through expenses incurred by us in connection with providing processing services to our clients, including Visa and Mastercard network association fees and payment network fees.

Net Revenue

Net revenue is revenue, less network fees and other costs and reflects revenue generated from the services we provide to our clients. Management uses net revenue to assess our operating performance. We believe that net revenue, when reviewed together with revenue, is meaningful to our investors in order to understand our performance. For the three and nine months ended September 30, 2018 net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as the result of our adoption of ASC 606 on January 1, 2018.

Expenses

Set forth below is a brief description of the components of our expenses:

- *Network fees and other costs* primarily consist of pass through expenses incurred by us in connection with providing processing services to our clients, including Visa and Mastercard network association fees and payment network fees and only relates to the three and nine months ended September 30, 2017. Following our adoption of ASC 606 on January 1, 2018, network fees and other costs are presented net within revenue.
- *Sales and marketing* expense primarily consist of salaries and benefits paid to sales personnel, sales management and other sales and marketing personnel, amortization of capitalized commission fees, residual payments made to referral partners and advertising and promotional costs.
- *Other operating costs* primarily consist of salaries and benefits paid to operational and IT personnel, costs associated with operating our technology platforms and data centers, information technology costs for processing transactions, product development costs, software fees and maintenance costs.
- *General and administrative* expenses primarily consist of salaries and benefits paid to executive management and administrative employees, including finance, human resources, product, legal and risk management, share-based compensation costs, equipment and occupancy costs and consulting costs. The nine months ended September 30, 2018 includes a significant amount of transition, acquisition and integration costs related to the Legacy Worldpay acquisition. The nine months ended September 30, 2017 includes a charge related to a settlement agreement stemming from legacy litigation of an acquired company.
- *Depreciation and amortization* expense consists of our depreciation expense related to investments in property, equipment and software as well as our amortization of intangible assets.
- *Interest expense—net* consists primarily of interest on borrowings less interest income earned on our cash and cash equivalents.
- *Income tax expense* represents foreign, federal, state and local taxes based on income.
- *Non-operating income (expenses)* during the nine months ended September 30, 2018 primarily consist of expenses related to our financing arrangements entered into in connection with the Legacy Worldpay acquisition, repricing of our debt in June 2018 and the change in fair value of the Mercury tax receivable agreement (“TRA”), partially offset by a gain on the settlement of a deal contingent forward entered into in connection with our acquisition of Legacy Worldpay. Non-operating income during the nine months ended September 30, 2017, primarily consists of an unrealized gain relating to the change in fair value of a deal contingent forward entered into in connection with the Legacy Worldpay acquisition, plc which was also partially offset by the change in fair value of the Mercury TRA.

Non-Controlling Interest

As a result of the non-controlling ownership interests in Worldpay Holding held by Fifth Third, our results of operations include net income attributable to non-controlling interests. Future sales or redemptions of ownership interests in Worldpay Holding by Fifth Third will continue to reduce the amount recorded as non-controlling interest and increase net earnings attributable to our Class A stockholders. In addition, net income attributable to non-controlling interests includes the non-controlling interest related to a joint venture with a bank partner. See Note 6 - Controlling and Non-Controlling Interests in “Item 1 - Notes to Unaudited Consolidated Financial Statements” for more information.

Factors and Trends Impacting Our Business and Results of Operations

The majority of our revenues is generated by services priced as a percentage of transaction value or a specified fee per transaction, depending on card type or the vertical. We also earn fees based on specific value-added services that may be unrelated to the number or value of transactions. These revenues depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our offerings, our reputation for providing timely and reliable service, competition within our industry and general economic conditions.

Adjusted Net Income

We use adjusted net income for financial and operational decision making as a means to evaluate period-to-period comparisons of our performance and results of operations. The adjusted net income is also incorporated into performance metrics underlying certain share-based payments and our annual incentive plan. We believe the adjusted net income provides useful information about our performance and operating results, enhances the overall understanding of past financial performance and future prospects and allows for greater transparency with respect to key metrics used by management in its financial and operational decision making.

In calculating the adjusted net income, we make certain non-GAAP adjustments, as well as certain tax adjustments, to adjust our GAAP operating results for the items discussed below. This non-GAAP measure should be considered together with GAAP operating results.

Non-GAAP Adjustments

Transition, Acquisition and Integration Costs

In connection with our acquisitions, we incur costs associated with the acquisitions and related integration activities, consisting primarily of consulting fees for advisory, conversion and integration services and related personnel costs. Also included in these expenses are costs related to employee termination benefits and other transition activities. These transition, acquisition and integration costs are included in other operating costs and general and administrative expenses. Included in transition, acquisition and integration costs in the nine months ended September 30, 2017 is a \$38.0 million charge related to a settlement agreement stemming from legacy litigation of an acquired company.

Share-Based Compensation

We have granted share-based awards to certain employees and members of our board of directors and intend to continue to grant additional share-based awards in the future. Share-based compensation is included in general and administrative expense.

Intangible Amortization Expense

These expenses represent amortization of intangible assets acquired through business combinations and customer portfolio and related asset acquisitions.

Non-operating Expense

Non-operating expenses during the nine months ended September 30, 2018 primarily consist of expenses relating to the financing arrangements we entered into in connection with the Legacy Worldpay acquisition, repricing of our debt in June 2018 and the change in fair value of the Mercury TRA, partially offset by a gain on the settlement of a deal contingent forward entered into in connection with our acquisition of Legacy Worldpay.

Non-operating expenses for the nine months ended September 30, 2017 consists of an unrealized gain relating to the change in fair value of a deal contingent forward entered into in connection with the Legacy Worldpay acquisition, partially offset by the change in fair value of the Mercury TRA.

Tax Adjustments

Income Tax Expense Adjustments

Our effective tax rate reported in our results of operations reflects the impact of our non-controlling interest not being taxed at the statutory corporate tax rate. For purposes of calculating the adjusted net income, income tax expense is adjusted accordingly to reflect an effective tax rate assuming conversion of Fifth Third's non-controlling interests into shares of Class A common stock, including the income tax effect of the non-GAAP adjustments described above. The adjusted effective tax rate for the three and nine months ended September 30, 2018 is approximately 19.8% and includes the impact of tax reform on U.S. federal taxes as well as the inclusion of international jurisdictions due to the acquisition of Legacy Worldpay. Also included in the adjusted effective tax rate for the three and nine months ended September 30, 2018 and 2017 is the impact of the excess tax benefits relating to our adoption of ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The adjusted effective tax rate is expected to remain at approximately 19.8% for the remainder of 2018. The adjusted effective tax rate was 34% for the three and nine months ended September 30, 2017.

Other Tax Adjustments

In addition to the adjustment described above, income tax expense is also adjusted for the cash tax benefits resulting from certain tax attributes, primarily the amortization of tax intangible assets resulting from or acquired with our acquisitions, the tax basis step up associated with our separation from Fifth Third and the purchase or exchange of units of Worldpay Holding, net of payment obligations under TRAs established at the time of our initial public offering ("IPO") and in connection with our acquisition of Mercury. The estimate of the cash tax benefits is based on the consistent and highly predictable realization of the underlying tax attributes.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------------|----------------------------------|---------|---------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| TRA Tax Benefits ^(a) | \$ 2.4 | \$ 1.8 | \$ 6.8 | \$ 3.5 |
| Acquired Tax Benefits ^(b) | 22.5 | 31.7 | 67.3 | 93.2 |
| Adjusted Tax Benefits ^(c) | \$ 24.9 | \$ 33.5 | \$ 74.1 | \$ 96.7 |

(a) Represents the 15% benefit that we retain for the shared tax benefits related to the TRAs.

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

(c) Represents the net cash tax benefit retained by us from the use of the tax attributes, as reflected in the Tax Adjustments.

The table below provides a reconciliation of GAAP (loss) income before applicable income taxes to the adjusted net income for the three and nine months ended September 30, 2018 and 2017 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------|---------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| (Loss) income before applicable income taxes | \$ (1.0) | \$ 151.6 | \$ (101.2) | \$ 312.6 |
| Non-GAAP Adjustments: | | | | |
| Transition, acquisition and integration costs | 47.4 | 5.1 | 277.6 | 67.9 |
| Share-based compensation | 42.8 | 13.6 | 99.0 | 35.1 |
| Intangible amortization | 289.5 | 55.3 | 715.0 | 161.5 |
| Non-operating expenses | 3.5 | (21.2) | 34.1 | (13.7) |
| Non-GAAP adjusted income before applicable taxes | 382.2 | 204.4 | 1,024.5 | 563.4 |
| Less: Adjustments | | | | |
| Adjusted tax expense | 50.9 | 35.9 | 128.7 | 94.8 |
| JV non-controlling interest | 0.5 | 0.5 | 1.2 | 1.2 |
| Adjusted Net Income | \$ 330.8 | \$ 168.0 | \$ 894.6 | \$ 467.4 |

Results of Operations

The following tables set forth our statements of income in dollars and as a percentage of revenue for the periods presented (in millions):

| | Three Months Ended September 30, | | | |
|-------------------------------|---|-----------------|------------------|-----------------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 1,017.9 | \$ 1,033.7 | \$ (15.8) | (2)% |
| Network fees and other costs | — | 479.5 | (479.5) | NM |
| Net Revenue ⁽¹⁾ | 1,017.9 | 554.2 | 463.7 | 84 % |
| Sales and marketing | 295.8 | 173.8 | 122.0 | 70 % |
| Other operating costs | 174.8 | 79.4 | 95.4 | 120 % |
| General and administrative | 140.7 | 49.6 | 91.1 | 184 % |
| Depreciation and amortization | 328.9 | 82.5 | 246.4 | 299 % |
| Income from operations | <u>\$ 77.7</u> | <u>\$ 168.9</u> | <u>\$ (91.2)</u> | <u>(54)%</u> |

⁽¹⁾ For the three months ended September 30, 2018 net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as the result of our adoption of ASC 606 on January 1, 2018.

As a Percentage of Net Revenue

| | Three Months Ended September 30, | |
|-------------------------------|---|--------------|
| | 2018 | 2017 |
| Net Revenue | 100.0% | 100.0% |
| Sales and marketing | 29.1% | 31.4% |
| Other operating costs | 17.2% | 14.3% |
| General and administrative | 13.8% | 9.0% |
| Depreciation and amortization | 32.3% | 14.9% |
| Income from operations | <u>7.6%</u> | <u>30.4%</u> |

| | Nine Months Ended September 30, | | | |
|-------------------------------|--|-----------------|-------------------|-----------------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 2,875.4 | \$ 2,960.6 | \$ (85.2) | (3)% |
| Network fees and other costs | — | 1,406.3 | (1,406.3) | NM |
| Net Revenue ⁽¹⁾ | 2,875.4 | 1,554.3 | 1,321.1 | 85 % |
| Sales and marketing | 845.2 | 497.1 | 348.1 | 70 % |
| Other operating costs | 515.4 | 234.3 | 281.1 | 120 % |
| General and administrative | 527.6 | 189.6 | 338.0 | 178 % |
| Depreciation and amortization | 824.0 | 237.0 | 587.0 | 248 % |
| Income from operations | <u>\$ 163.2</u> | <u>\$ 396.3</u> | <u>\$ (233.1)</u> | <u>(59)%</u> |

⁽¹⁾ For the nine months ended September 30, 2018 net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as the result of our adoption of ASC 606 on January 1, 2018.

As a Percentage of Net Revenue

| | Nine Months Ended September 30, | |
|-------------------------------|--|--------------|
| | 2018 | 2017 |
| Net Revenue | 100.0% | 100.0% |
| Sales and marketing | 29.4% | 32.0% |
| Other operating costs | 17.9% | 15.1% |
| General and administrative | 18.3% | 12.2% |
| Depreciation and amortization | 28.7% | 15.2% |
| Income from operations | <u>5.7%</u> | <u>25.5%</u> |

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 and Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

The Net Revenue, Sales and Marketing, Other Operating Costs and General and Administrative disclosures below exclude Legacy Worldpay results prior to the January 16, 2018 acquisition date for the nine months ended September 30, 2018 as well as Legacy Worldpay results for the three and nine months ended September 30, 2017.

Net Revenue

Net revenue increased 84% to \$1,017.9 million for the three months ended September 30, 2018 from \$554.2 million for the three months ended September 30, 2017. The prior year period excludes \$380.4 million of Legacy Worldpay generated net revenue prior to our acquisition. Additionally, strong growth in our Technology Solutions segment contributed to the increase.

Net revenue increased 85% to \$2,875.4 million for the nine months ended September 30, 2018 from \$1,554.3 million for the nine months ended September 30, 2017. The prior year period excludes \$1,103.7 million of Legacy Worldpay generated net revenue prior to our acquisition. Additionally, continued strong growth in our Technology Solutions segment also contributed to the increase.

Sales and Marketing

Sales and marketing expense increased 70% to \$295.8 million for the three months ended September 30, 2018 from \$173.8 million for the three months ended September 30, 2017. The prior year period excludes \$94.9 million of Legacy Worldpay generated sales and marketing expenses incurred prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue in both our Technology Solutions and Merchant Solutions segments contributed to the increase.

Sales and marketing expense increased 70% to \$845.2 million for the nine months ended September 30, 2018 from \$497.1 million for the nine months ended September 30, 2017. The prior year period excludes \$287.0 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue in both our Technology Solutions and Merchant Solutions segments also contributed to the increase.

Other Operating Costs

Other operating costs increased 120% to \$174.8 million for the three months ended September 30, 2018 from \$79.4 million for the three months ended September 30, 2017. When excluding transition, acquisition and integration costs, other operating costs increased to \$158.0 million for the three months ended September 30, 2018 from \$76.8 million for the three months ended September 30, 2017. The prior year period excludes \$71.1 million of Legacy Worldpay other operating costs when excluding transition, acquisition and integration costs prior to our acquisition.

Other operating costs increased 120% to \$515.4 million for the nine months ended September 30, 2018 from \$234.3 million for the nine months ended September 30, 2017. When excluding transition, acquisition and integration costs, other operating costs increased to \$461.4 million for the nine months ended September 30, 2018 from \$223.4 million for the nine months ended September 30, 2017. The prior year period excludes \$202.7 million of Legacy Worldpay other operating costs when excluding transition, acquisition and integration costs prior to our acquisition.

General and Administrative

General and administrative expenses increased 184% to \$140.7 million for the three months ended September 30, 2018 from \$49.6 million for the three months ended September 30, 2017. When excluding transition, acquisition and integration costs, general and administrative costs increased to \$67.3 million for the three months ended September 30, 2018 from \$33.5 million for the three months ended September 30, 2017. The prior year period excludes \$43.2 million of Legacy Worldpay other operating costs when excluding transition, acquisition and integration costs prior to our acquisition.

General and administrative expenses increased 178% to \$527.6 million for the nine months ended September 30, 2018 from \$189.6 million for the nine months ended September 30, 2017. When excluding transition, acquisition and integration costs, general and administrative costs increased to \$205.0 million for the nine months ended September 30, 2018 from \$97.5 million for the nine months ended September 30, 2017. The prior period excludes \$128.9 million of Legacy Worldpay general and administrative expenses when excluding transition, acquisition and integration costs prior to our acquisition.

Depreciation and Amortization

Depreciation expense associated with our property, equipment and software increased to \$68.4 million for the three months ended September 30, 2018 from \$27.3 million for the three months ended September 30, 2017. The increase is primarily attributable to our recent acquisitions.

Depreciation expense associated with our property, equipment and software increased to \$196.5 million for the nine months ended September 30, 2018 from \$70.5 million for the nine months ended September 30, 2017. The increase is primarily attributable to our recent acquisitions.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, increased to \$260.5 million for the three months ended September 30, 2018 from \$55.2 million for the three months ended September 30, 2017. The increase is primarily attributable to an increase in amortization of customer relationship intangible assets as a result of recent acquisitions.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, increased to \$627.5 million for the nine months ended September 30, 2018 from \$166.5 million for the nine months ended September 30, 2017. The increase is primarily attributable to an increase in amortization of customer relationship intangible assets as a result of recent acquisitions.

Income from Operations

Income from operations decreased to \$77.7 million for the three months ended September 30, 2018 from \$168.9 million for the three months ended September 30, 2017.

Income from operations decreased to \$163.2 million for the nine months ended September 30, 2018 from \$396.3 million for the nine months ended September 30, 2017.

Interest Expense—Net

Interest expense—net increased to \$75.2 million for the three months ended September 30, 2018 from \$38.5 million for the three months ended September 30, 2017. The increase in interest expense—net is primarily attributable to debt issued to fund the acquisition of Legacy Worldpay.

Interest expense—net increased to \$230.3 million for the nine months ended September 30, 2018 from \$97.4 million for the nine months ended September 30, 2017. The increase in interest expense—net is primarily attributable to debt issued to fund the acquisition of Legacy Worldpay.

Non-Operating Income (Expense)

Non-operating expense was \$34.1 million for the nine months ended September 30, 2018, primarily consisting of expenses relating to our financing arrangements entered into in connection with the Legacy Worldpay acquisition, repricing of our debt in June 2018 and the change in fair value of the Mercury TRA, partially offset by a gain on the settlement of a deal contingent forward entered into in connection with our acquisition of Legacy Worldpay. Non-operating income was \$13.7 million for the nine months ended September 30, 2017, consisting of an unrealized gain related to the change in the fair value of a deal contingent forward entered into in connection with the Legacy Worldpay acquisition, offset by the change in fair value of the Mercury TRA.

Income Tax Expense (Benefit)

Income tax benefit for the three months ended September 30, 2018 was \$4.6 million compared to expense of \$44.7 million for the three months ended September 30, 2017, reflecting effective rates of 460.0% and 29.5%, respectively. Income tax benefit for the nine months ended September 30, 2018 was a benefit of \$5.0 million compared to expense of \$83.5 million for the nine months ended September 30, 2017, reflecting effective rates of 4.9% and 26.7%, respectively. Our effective tax rate for the three months ended September 30, 2018 reflects a \$2.7 million benefit to deferred taxes relating to changes in state tax laws. Our effective tax rate for the nine months ended September 30, 2018 reflects a \$6.9 million charge to deferred taxes relating to changes in state tax laws. Our effective tax rate reflects the impact of our non-controlling interests not being taxed at the statutory U.S. corporate tax rates. The 2018 effective tax rates also reflect the impact of tax reform and the impact related to the addition of international taxing jurisdictions as a result of the Legacy Worldpay acquisition. The effective tax rate for the three and nine months ended September 30, 2018 and 2017, includes a credit to income tax expense as a result of our adoption of ASU 2016-09, Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting.

Segment Results

The following tables provide a summary of the components of segment profit for our three segments for the three and nine months ended September 30, 2018 and 2017 (in millions):

The disclosures below exclude Legacy Worldpay results prior to the January 16, 2018 acquisition date for the nine months ended September 30, 2018 as well as Legacy Worldpay results for the three and nine months ended September 30, 2017.

Technology Solutions

| | Three Months Ended September 30, | | \$ Change | % Change |
|------------------------------|----------------------------------|----------|-----------|----------|
| | 2018 | 2017 | | |
| Revenue | \$ 419.7 | \$ 339.9 | \$ 79.8 | 23% |
| Network fees and other costs | — | 115.2 | (115.2) | NM |
| Net Revenue ⁽¹⁾ | 419.7 | 224.7 | 195.0 | 87% |
| Sales and marketing | 115.2 | 73.6 | 41.6 | 57% |
| Segment profit | \$ 304.5 | \$ 151.1 | \$ 153.4 | 102% |

⁽¹⁾ For the three months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

| | Nine Months Ended September 30, | | \$ Change | % Change |
|------------------------------|---------------------------------|----------|-----------|----------|
| | 2018 | 2017 | | |
| Revenue | \$ 1,157.7 | \$ 919.4 | \$ 238.3 | 26% |
| Network fees and other costs | — | 335.3 | (335.3) | NM |
| Net Revenue ⁽¹⁾ | 1,157.7 | 584.1 | 573.6 | 98% |
| Sales and marketing | 309.2 | 203.3 | 105.9 | 52% |
| Segment profit | \$ 848.5 | \$ 380.8 | \$ 467.7 | 123% |

⁽¹⁾ For the nine months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

Net Revenue

Net revenue in this segment increased 87% to \$419.7 million for the three months ended September 30, 2018 from \$224.7 million for the three months ended September 30, 2017. The prior year period excludes \$135.5 million of Legacy Worldpay generated net revenue prior to our acquisition.

Net revenue in this segment increased 98% to \$1,157.7 million for the nine months ended September 30, 2018 from \$584.1 million for the nine months ended September 30, 2017. The prior year period excludes \$391.0 million of Legacy Worldpay generated net revenue prior to our acquisition.

Sales and Marketing

Sales and marketing expense increased 57% to \$115.2 million for the three months ended September 30, 2018 from \$73.6 million for the three months ended September 30, 2017. The prior year period excludes \$20.5 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue also contributed to the increase.

Sales and marketing expense increased 52% to \$309.2 million for the nine months ended September 30, 2018 from \$203.3 million for the nine months ended September 30, 2017. The prior year period excludes \$60.7 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue also contributed to the increase.

Merchant Solutions

| | Three Months Ended September 30, | | | |
|------------------------------|---|-----------------|------------------|-----------------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 507.5 | \$ 576.7 | \$ (69.2) | (12)% |
| Network fees and other costs | — | 332.6 | (332.6) | NM |
| Net Revenue ⁽¹⁾ | 507.5 | 244.1 | 263.4 | 108 % |
| Sales and marketing | 174.0 | 94.4 | 79.6 | 84 % |
| Segment profit | <u>\$ 333.5</u> | <u>\$ 149.7</u> | <u>\$ 183.8</u> | <u>123 %</u> |

⁽¹⁾ For the three months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

| | Nine Months Ended September 30, | | | |
|------------------------------|--|-----------------|------------------|-----------------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 1,460.1 | \$ 1,695.9 | \$ (235.8) | (14)% |
| Network fees and other costs | — | 976.2 | (976.2) | NM |
| Net Revenue ⁽¹⁾ | 1,460.1 | 719.7 | 740.4 | 103 % |
| Sales and marketing | 516.8 | 276.3 | 240.5 | 87 % |
| Segment profit | <u>\$ 943.3</u> | <u>\$ 443.4</u> | <u>\$ 499.9</u> | <u>113 %</u> |

⁽¹⁾ For the nine months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

Net Revenue

Net revenue in this segment increased 108% to \$507.5 million for the three months ended September 30, 2018 from \$244.1 million for the three months ended September 30, 2017. The prior period excludes \$243.1 million of Legacy Worldpay generated net revenue prior to our acquisition.

Net revenue in this segment increased 103% to \$1,460.1 million for the nine months ended September 30, 2018 from \$719.7 million for the nine months ended September 30, 2017. The prior period excludes \$707.1 million of Legacy Worldpay generated net revenue prior to our acquisition.

Sales and Marketing

Sales and marketing expense increased 84% to \$174.0 million for the three months ended September 30, 2018 from \$94.4 million for the three months ended September 30, 2017. The prior year period excludes \$73.9 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue also contributed to the increase.

Sales and marketing expense increased 87% to \$516.8 million for the nine months ended September 30, 2018 from \$276.3 million for the nine months ended September 30, 2017. The prior year period excludes \$224.7 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Additionally, higher residual payments to referral partners as a result of increased revenue also contributed to the increase.

Issuer Solutions

| | Three Months Ended September 30, | | | |
|------------------------------|----------------------------------|----------|-----------|----------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 90.7 | \$ 117.1 | \$ (26.4) | (23)% |
| Network fees and other costs | — | 31.7 | (31.7) | NM |
| Net Revenue ⁽¹⁾ | 90.7 | 85.4 | 5.3 | 6 % |
| Sales and marketing | 6.6 | 5.8 | 0.8 | 14 % |
| Segment profit | \$ 84.1 | \$ 79.6 | \$ 4.5 | 6 % |

⁽¹⁾ For the three months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

| | Nine Months Ended September 30, | | | |
|------------------------------|---------------------------------|----------|-----------|----------|
| | 2018 | 2017 | \$ Change | % Change |
| Revenue | \$ 257.6 | \$ 345.3 | \$ (87.7) | (25)% |
| Network fees and other costs | — | 94.8 | (94.8) | NM |
| Net Revenue ⁽¹⁾ | 257.6 | 250.5 | 7.1 | 3 % |
| Sales and marketing | 19.2 | 17.5 | 1.7 | 10 % |
| Segment profit | \$ 238.4 | \$ 233.0 | \$ 5.4 | 2 % |

⁽¹⁾ For the nine months ended September 30, 2018, net revenue is equivalent to gross revenue since network fees and other costs are netted against gross revenue as a result of our adoption of ASC 606 on January 1, 2018.

Net Revenue

Net revenue in this segment increased 6% to \$90.7 million for the three months ended September 30, 2018 from \$85.4 million for the three months ended September 30, 2017.

Net revenue in this segment increased 3% to \$257.6 million for the nine months ended September 30, 2018 from \$250.5 million for the nine months ended September 30, 2017.

Sales and Marketing

Sales and marketing expense increased 14% to \$6.6 million for the three months ended September 30, 2018 from \$5.8 million for the three months ended September 30, 2017.

Sales and marketing expense increased 10% to \$19.2 million for the nine months ended September 30, 2018 from \$17.5 million for the nine months ended September 30, 2017.

Liquidity and Capital Resources

Our liquidity is funded primarily through cash provided by operations, debt and a line of credit, which is generally sufficient to fund our operations, planned capital expenditures, tax distributions made to our non-controlling interest holders, required payments under our TRA agreements, debt service and acquisitions. As of September 30, 2018, our principal sources of liquidity consisted of \$373.7 million of cash and cash equivalents and \$1.25 billion of availability under the revolving portion of our senior secured credit facilities. Our total indebtedness, including capital leases, was \$8.0 billion as of September 30, 2018.

We have approximately \$243 million of share repurchase authority remaining as of September 30, 2018 under a program authorized by the board of directors in October 2016 to repurchase up to an additional \$250 million of our Class A common stock.

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

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In connection with our IPO, we entered into the Exchange Agreement with Fifth Third, under which Fifth Third has the right, from time to time, to exchange their units in Worldpay Holding for shares of our Class A common stock or, at our option, cash. If we choose to satisfy the exchange in cash, we anticipate that we will fund such exchange through cash from operations, funds available under the revolving portion of our senior secured credit facilities, equity financings or a combination thereof.

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

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

We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of other indebtedness, equity financings or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the nine months ended September 30, 2018 and 2017 (in millions).

| | Nine Months Ended September 30, | |
|---|---------------------------------|----------|
| | 2018 | 2017 |
| Net cash provided by operating activities | \$ 219.6 | \$ 510.9 |
| Net cash provided by (used in) investing activities | 1,211.8 | (651.6) |
| Net cash (used in) provided by financing activities | (270.4) | 94.2 |

Cash Flow from Operating Activities

Net cash provided by operating activities was \$219.6 million for the nine months ended September 30, 2018 as compared to \$510.9 million for the nine months ended September 30, 2017. The decrease reflects a decrease in earnings and increased net cash outflow due to changes in working capital, offset by an adjustment to add back increased depreciation and amortization expense.

Cash Flow from Investing Activities

Net cash provided by investing activities was \$1,211.8 million for the nine months ended September 30, 2018 as compared to \$651.6 million of cash used in investing activities for the nine months ended September 30, 2017. The change is the result of cash acquired relating to the acquisition of Legacy Worldpay.

Cash Flow from Financing Activities

Net cash used in financing activities was \$270.4 million for the nine months ended September 30, 2018 as compared to net cash provided by financing activities of \$94.2 million for the nine months ended September 30, 2017. Cash used in financing activities during the nine months ended September 30, 2018 consisted primarily of the repayment of debt and capital leases, settlement and payments relating to tax receivable agreements and payment of debt issuance costs, offset by incremental borrowings. Cash provided by financing activities for the nine months ended September 30, 2017 consisted primarily of proceeds from issuance of additional seven-year term B loans and borrowings under our revolving credit facility partially offset by the repurchase of Class A common stock, repayment of debt and capital leases, payments under the tax receivable agreements and addendums and distributions to non-controlling interests.

Credit Facilities

At September 30, 2018, we have \$8.0 billion of term loans and bonds and there were no outstanding borrowings on our revolving credit facility. See additional discussion in Note 4 - Long-Term Debt in "Item 1 - Notes to Unaudited Consolidated Financial Statements."

As a result of the Legacy Worldpay acquisition, the amendments to the Existing Loan Agreement, requires us to maintain a leverage ratio no greater than established thresholds (based upon the ratio of total funded debt to consolidated EBITDA, as defined in the loan agreement) and a minimum interest coverage ratio (based upon the ratio of consolidated EBITDA to interest expense), which are tested quarterly based on the last four fiscal quarters. The required financial ratios become more restrictive over time, with the specific ratios required by period set forth in the below table.

| Period | Leverage Ratio (must not exceed) | Interest Coverage Ratio (must exceed) |
|---|---|--|
| January 16, 2018 to September 30, 2018 | 6.50 to 1.00 | 4.00 to 1.00 |
| December 31, 2018 to September 30, 2019 | 5.75 to 1.00 | 4.00 to 1.00 |
| December 31, 2019 to September 30, 2020 | 5.00 to 1.00 | 4.00 to 1.00 |
| December 31, 2020 and thereafter | 4.25 to 1.00 | 4.00 to 1.00 |

As of September 30, 2018, we were in compliance with these covenants with a leverage ratio of 4.08 to 1.00 and an interest coverage ratio of 7.38 to 1.00.

Interest Rate Swaps, Caps and Net Investment Hedges

As of September 30, 2018, we have interest rate swap and interest rate cap agreements that were designated as cash flow hedges of interest rate risk. The currently effective interest rate swaps and caps hedge \$2.7 billion of our approximately \$6.3 billion of variable rate debt outstanding as of September 30, 2018. The Company also has designated a portion of its Euro denominated debt and 100% of its GBP denominated debt as net investment hedges. See Note 5 - Derivatives and Hedging Activities in "Item 1 - Notes to Unaudited Consolidated Financial Statements" for more information about the interest rate swaps, caps and net investment hedges.

Tax Receivable Agreements

As of September 30, 2018, we are party to several TRAs in which we have agreed to make payments to various parties of 85% of the federal, state, local and foreign income tax benefits realized by us as a result of certain tax deductions.

As of September 30, 2018, the remaining call/put options under the Fifth Third TRA Addendum, if exercised require a payment of \$28.1 million, effectively due on, December 31, 2018.

As of September 30, 2018, the remaining terms under the Mercury TRA Addendum are beginning December 1st of 2018 and ending June 30th of 2019, we are granted call options (collectively, the "Call Options") pursuant to which certain of our additional obligations under the Mercury TRA would be terminated in consideration for a cash payment of \$43.0 million.

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In connection with the Fifth Third stock sale in June 2018 as discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies and Note 6 - Controlling and Non-Controlling Interests, in "Item 1 - Notes to Unaudited Consolidated Financial Statements," Fifth Third exchanged Class B units of Worldpay Holding for shares of Worldpay, Inc. Class A common stock.

As a result of the June 2018 Fifth Third exchange of units of Worldpay Holding, we recorded an additional liability under the Fifth Third TRA of \$120.9 million and an additional deferred tax asset of \$87.0 million associated with the increase in the tax basis. We recorded a corresponding reduction to paid-in-capital of \$33.9 million for the difference in the TRA liability and the related deferred tax asset.

For more information on the TRAs, see Note 7 - Tax Receivable Agreements in the Notes to Consolidated Financial Statements of the Company's 2017 Form 10-K filed on February 28, 2018.

Contractual Obligations

There have been no significant changes to contractual obligations and commitments compared to those disclosed in our Annual Report on Form 10-K as of December 31, 2017 filed with the SEC on February 28, 2018.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our audited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our critical estimates giving consideration to a combination of factors, including historical experience, current conditions and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Except for the adoption of Accounting Standards Update 2014-09, Revenue From Contracts With Customers (Topic 606) on January 1, 2018 as discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2017. Our critical accounting policies and estimates are described fully within Management's Discussion and Analysis of Financial Condition and Results of Operations included within our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2018.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

We are exposed to interest rate risk in connection with our senior secured credit facilities, which are subject to variable interest rates. We hedge a portion of our exposure to interest rate fluctuations through the utilization of interest rate swaps and caps in order to mitigate the risk of this exposure.

As discussed in Note 5 - Derivatives and Hedging Activities in “Item 1 - Notes to Unaudited Consolidated Financial Statements,” we currently have outstanding interest rate swaps and caps which hedge a portion of our outstanding debt.

Based on the amount outstanding under our senior secured credit facilities at September 30, 2018, a change in one percentage point in variable interest rates, after the effect of our interest rate swaps and caps effective at September 30, 2018, would cause an increase or decrease in interest expense of \$35.6 million on an annual basis.

Foreign Currency Risk

We are subject to foreign currency risk as a result of our investments in foreign entities and revenues and expenses generated in currencies other than the U.S. dollar. As discussed in Note 5 - Derivatives and Hedging Activities in “Item 1 - Notes to Unaudited Consolidated Financial Statements,” we currently have net investment hedges in place to mitigate foreign currency risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. As a result of the closing of the Legacy Worldpay acquisition in the first quarter of 2018, the scope of management’s assessment of the effectiveness of our disclosure controls and procedures did not include the internal controls over financial reporting of Legacy Worldpay. This exclusion is in accordance with the SEC Staff’s general guidance that an assessment of a recently acquired business may be omitted from the scope of management’s assessment for one year following the acquisition. Based on the evaluation of our disclosure controls and procedures as of September 30, 2018, our Co-Chief Executive Officers and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

As a result of the closing of the Legacy Worldpay acquisition, we have incorporated internal controls over significant processes specific to the acquisition that we believe are appropriate and necessary in consideration of the level of related integration. As the post-closing integration continues, we will continue to review the internal controls and processes of Legacy Worldpay and may take further steps to integrate such controls and processes with those of the Company. Except as noted above, there were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

You should carefully consider the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of Worldpay. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017.

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

The following table sets forth information regarding shares of Class A common stock repurchased by us during the three months ended September 30, 2018:

| Period | Total Number of Shares Purchased ⁽¹⁾⁽²⁾ | Average Price Paid per Share | Total Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾ | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) ⁽²⁾ |
|---|--|------------------------------|---|---|
| July 1, 2018 to July 31, 2018 | 5,616 | \$ 83.43 | — | \$ 243.2 |
| August 1, 2018 to August 31, 2018 | 42,016 | \$ 97.39 | — | \$ 243.2 |
| September 1, 2018 to September 30, 2018 | — | \$ — | — | \$ 243.2 |

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

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

Item 5. Other Information

On November 6, 2018, the Company's board of directors appointed Mark L. Heimbouch, currently the Company's Chief Operating Officer, to the position of President and Chief Operating Officer. In connection with Mr. Heimbouch's appointment, the Compensation Committee of the board of directors approved certain changes to Mr. Heimbouch's compensation arrangements. Mr. Heimbouch's base salary was increased to \$725,000, effective immediately, and his target annual cash bonus opportunity was increased to 120% of his base salary, effective for the 2019 plan year.

Item 6. Exhibits

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

EXHIBIT INDEX

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | |
|---------------------------|---|----------------------------------|-----------------|----------------|--------------------|
| | | Form | File No. | Exhibit | Filing Date |
| 10.1 | Settlement Agreement, dated as of September 19, 2018, by and between Worldpay, Inc. and Philip Jansen. | | | | |
| 31.1.1 | Certification of Co-Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.1.2 | Certification of Co-Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.2 | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32 | Certifications of Co-Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 101 | Interactive Data Files. | | | | |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WORLDPAY, INC.

Dated: November 8, 2018

By: /s/ CHARLES D. DRUCKER

Name: Charles D. Drucker

Title: Executive Chairman and Co-Chief Executive Officer

Dated: November 8, 2018

By: /s/ PHILIP JANSEN

Name: Philip Jansen

Title: Co-Chief Executive Officer

Dated: November 8, 2018

By: /s/ STEPHANIE L. FERRIS

Name: Stephanie L. Ferris

Title: Chief Financial Officer

Dated: November 8, 2018

By: /s/ CHRISTOPHER THOMPSON

Name: Christopher Thompson

Title: SVP, Controller and Chief Accounting Officer

Philip Jansen

12 The Orchard
London, W4 1JX
United Kingdom

Date: September 19, 2018

**Without prejudice
Subject to contract**

Dear Philip Jansen,

Your employment with Worldpay Group Limited (the "Company")

This agreement sets out the terms which the Company has agreed to offer you regarding the termination of your employment with the Company and all Group Companies.

Termination Date

- 1 Your employment with the Company under your contract of employment made between the Company and you (the "Contract of Employment") shall terminate on 31 December 2019 having been employed through the notice period under your Contract of Employment (with 12 months' notice running as from 31 December 2018), or on such earlier date as you and the Company may agree pursuant to this agreement (in either case the "Termination Date").
 - 1.1 If you wish to be released from your employment with the Company before the Termination Date, you may ask the Company for consent by contacting Kimberly Martin at kim.martin@worldpay.com (such consent not to be unreasonably withheld provided that you confirm the reason for seeking to leave early and that you will not be in breach of your Contract of Employment including any post-termination restrictions) to terminate your employment earlier than the date identified in Clause 1, and in circumstances where the Company provides its consent:
 - 1.1.1 all references in this agreement to Termination Date will mean to the agreed earlier termination date;
 - 1.1.2 you will, subject to clause 1.1.3 below, receive payment in lieu of salary and benefits (including without limitation pension contributions) for any unused portion of your remaining notice period (less usual deductions for tax and employees' National Insurance contributions), payment to be made on the Payroll Date as defined in clause 5 below. For the avoidance of doubt this payment is in addition to the Severance Payment referred to in clause 5.1 below;
 - 1.1.3 you agree that your entitlements if any, to a payment in respect of bonus for 2019 and to shares under the Future Performance Rollover 2017 PSP award, as more particularly described in clauses 7 and 11 of this agreement respectively, will, in accordance with their terms, be pro-rated to the earlier Termination Date, as more particularly described in clauses 7 and 11 below and the remaining two thirds (2/3) of the PSUs comprised in your Acquisition Award shall be automatically forfeited and cancelled as more particularly described in clause 11 below;
 - 1.1.4 you agree that the Severance Payment described at clause 5.1 will be recalculated but only where the earlier termination date reduces your number of complete years of service with the Company and you therefore agree that your Severance Payment will be reduced accordingly;
 - 1.1.5 the Company will, if applicable, confirm in writing the revised Severance Payment, and will issue a further Annex 4 with a revised share plan illustration, based on the earlier termination date; and

- 1.1.6 any such agreement to release you will be strictly conditional on the Company's receipt of the fully executed affirmation in accordance with clause 2.14 below.
- 1.2 The Company and you believe that unless it is agreed to release you early, you will be employed throughout your notice period and the Company will pay your salary and benefits during your notice period in accordance with clause 2.1 and/or clause 1.1.2 of this agreement, and therefore that your Post-Employment Notice Period and your Post-Employment Notice Pay, as defined in sections 402E (5) and 402D respectively of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"), are nil. If the Company agrees to release you early (or terminates your employment before the end of your notice period), an amount which represents Post-Employment Notice Pay will be calculated, and a portion of the payment in Clause 5.1 equal to such Post-Employment Notice Pay will be subject to appropriate deductions of income tax and employee's national insurance accordingly.
- 2 With effect from 31 December 2018 (the "Garden Leave Date") up to and including the Termination Date, you agree that the Company may in its absolute discretion at any time, and for such period or periods as the Company so determines, require you not to attend at work or undertake any work (the "Garden Leave Period") in accordance with clause 3.3 of your Contract of Employment and, during the Garden Leave Period, you:
- 2.1 shall remain an employee of the Company;
 - 2.2 shall continue to receive normal salary and contractual benefits (less usual deductions for tax and employees' National Insurance contributions);
 - 2.3 shall accrue holiday as normal but all accrued but unused holiday entitlement shall be deemed to have been taken during the Garden Leave Period;
 - 2.4 shall remain contactable by the Company during the period of Garden Leave and will notify the Kimberly Martin via email to kim.martin@worldpay.com immediately of any change to your contact details;
 - 2.5 shall not contact the press or other media or make any statement regarding the Company or any Group Company, your employment with the Company or any Group Company or its prospective termination;
 - 2.6 agree that the Company may, in its absolute discretion, appoint another employee of the Company to carry out some or all of your duties;
 - 2.7 may not, without consent of the Company (which should be sought from kim.martin@worldpay.com) work in any capacity for any other person, company, organisation or other entity or carry on any other business;
 - 2.8 will not be required to perform any duties (although you will endeavor to make yourself available for any relevant duties the Company requires of you and you will respond to any ad hoc queries as part of your hand over);
 - 2.9 may not contact or attempt to contact without the Company's prior written consent or express instruction, any client, customer, agent, professional adviser, broker or supplier of the Company or any Group Company other than for purely social or recreational purposes and if you are contacted by any such person you should refer them to Charles Drucker, Chief Executive Officer;
 - 2.10 should not have contact with any employee of the Company or any Group Company other than for purely social or recreational purposes;
 - 2.11 will not attend any premises of the Company or any Group Company without the Company's prior written consent or express instruction;
 - 2.12 will comply with the terms of your Contract of Employment, including without limitation your obligations of good faith and loyalty, and the obligations under Clauses 6, 14, 15, 16 and Schedules 1 and 2 of your Contract of Employment, which will remain in full force and effect (save to the extent specifically varied by this agreement or superseded by the restrictive covenants in your Acquisition Award Agreement, 2018 LTI Award Agreement and 2018 Option Agreement) until the Termination Date; and

- 2.13 will comply with paragraph 12 of this agreement and cease to have access to the Company's information systems.
- 2.14 As a condition of the payments in paragraphs 5 and 7 of this agreement you will reaffirm its terms on or shortly after the Termination Date by sending an affirmation to the Company in the form attached in Annex 5 (the "Reaffirmation Letter") with a further adviser's certificate in the form at Annex 1.

Salary and Benefits to the Termination Date

- 3 The Company will pay to you your salary, benefits and pension contributions in the usual way up to the Termination Date less applicable deductions for tax and national insurance.
- 4 Save as otherwise provided in this agreement all your benefits shall cease on the Termination Date.

Compensation

- 5 You agree that except for the sums and benefits referred to in this agreement, no other sums or benefits are due to you from the Company or any Group Company. Subject to and conditional upon the terms of this agreement, in the next payroll ("the Payroll Date") following the later of: (i) the Termination Date; (ii) receipt by the Company of your signed acceptance of the terms of this agreement duly counter signed by your Adviser and the Reaffirmation Letter signed by you and your Adviser; and (iii) the date on which you have complied with your obligations under paragraph 12 of this agreement the Company shall make a payment to you of the following amounts:
- 5.1 £251,282 (the "Severance Payment"), which includes any entitlement to statutory redundancy pay, without admission of liability whatsoever, in compensation for the termination of your employment, of which (subject to any changes in the law and provided you remain employed throughout your notice period) the first £30,000 in value will be paid to you without deduction of income tax and national insurance contributions, and tax shall be deducted from any amount over £30,000 at the appropriate rate. The Company and you believe that (subject to Clause 1.2) no part of the Severance Payment is taxable as Post-Employment Notice Pay as defined by ITEPA, but that in the event that you are released from your notice period early (or your employment is terminated by the Company before the end of your notice period), an amount of the Severance Payment which represents Post-Employment Notice Pay shall be subject to appropriate deductions of income tax and employee's national insurance, the next £30,000 in value of the Severance Payment will be paid to you without deduction of income tax and national insurance contributions, and income tax shall be deducted from any remaining amount of such Severance Payment at the appropriate rate; and
- 5.2 £100 in consideration for the restrictions referred to in paragraphs 13.1 to 13.7 of this agreement, subject to deduction of income tax and national insurance contributions.
- 6 You agree that the Company may deduct from the sums referred to in paragraphs 3 and 5 any monies owed by you to the Company or a Group Company including, but not limited to, amounts due in respect of outstanding loan payments or excess holiday pay.
- 7 Subject to and conditional on you complying with the terms of this agreement, the Company shall make you a payment under the Worldpay Variable Compensation Plan (the "Plan") in respect of (i) your bonus for the 2018 financial year, the amount of which shall be in the discretion of the Board of the Company, having regard to the potential target payment of 100% of your base salary set out in your contract of employment dated 1 September 2015, and subject to achievement to the satisfaction of the Company of targets set by the Board for 2018, which shall, in all instances, be paid at the greater of actual performance or an amount as determined at the discretion of the Compensation Committee, to be paid fully in cash in the normal payment cycle for bonus payments under the Plan and (ii) your bonus for the 2019 financial year calculated in accordance with the rules of the Plan from time to time in force and pro-rated on an on-target basis (100% of base salary for a full year) to reflect the time you spent in the Company's employment during the 2019 financial year (notwithstanding that you will have been on garden leave pursuant to Clause 2 of this Agreement and notice to terminate your employment has been given) to be paid at the same time as payments made pursuant to clause 5.

The bonus payments shall be paid less appropriate deductions for income tax and national insurance contributions.

Tax

- 8 You will be solely responsible for, and agree to indemnify the Company and keep it indemnified against all income taxes and employee national insurance contributions (if any) and all interest penalties, costs, claims, expenses or proceedings incurred by the Company which arise out of or in connection with any liability to pay (or deduct) tax or employees' national insurance contributions, which may be payable in respect of the payments and arrangements contained in this agreement, save to the extent caused by the delay or default of the Company and save also for income tax or national insurance contributions which the Company deducts at source in accordance with this agreement. The Company and you consider that, pursuant to s.403 Income Tax (Earnings and Pensions) Act 2003 as currently enacted, (after subtracting any Post-Employment Notice Pay calculated pursuant to Sections 402A to 402E of ITEPA 2003, which (if any) shall be subject to appropriate deductions of income tax and employee's national insurance) the first £30,000 of the Severance Payment shall not be subject to income tax and National Insurance liability and that tax will be deducted from any remaining amount of the Severance Payment at the appropriate rate following issue of your P45. You agree that the Company gives no warranty as to the tax treatment of the Severance Payment.

Expenses

- 9 The Company will reimburse you for any expenses properly and necessarily incurred by you in or about the performance of your duties prior to the Termination Date and for which receipts or other supporting documents (if so required) are provided to the reasonable satisfaction of the Company.

Share Plan Participation

- 10 You agree and acknowledge that between the date of this agreement and the Termination Date you will no longer be eligible to participate in the grant of any future share awards or share options under any Company or Group Company share plan including, any share plan operated by Worldpay, Inc.
- 11 Your entitlement to benefits and/or payments under the share awards and share options that you currently hold under the share plans operated by Worldpay Group Limited (formerly Worldpay Group plc) ("Worldpay") will be determined in accordance with the governing rules of the relevant plan from time to time in force, as amended by Schedule 1 of the Amended and Restated Co-operation Agreement between Worldpay, Vantiv Inc., and Vantiv UK Limited dated 10 August 2017 (the "Cooperation Agreement"), the terms and conditions notified to all participants of those plans by way of a joint letter from Worldpay and Vantiv, Inc. dated 28 November 2017 (the "Letter") and any award notices (the "Notices") issued to participants of those plans following completion of the merger of the Worldpay and Vantiv groups of companies ("Completion"). The broad principles of these arrangements as they apply to you are as described in clauses 11.1 to 11.8 below and the Company warrants that they have been approved by the Compensation Committee of the Company and Group Company. Annex 4 reflects how this applies to you, based on an assumed Termination Date of 31 December 2019 and assuming you do not become a Bad Leaver before the Termination Date (whenever that may be). You will be deemed a Good Leaver unless the Company determines, acting reasonably, in the light of your conduct or evidence that comes to light during the Garden Leave Period that you have become a Bad Leaver for the purposes of your share plan entitlements on or before the Termination Date. Unless otherwise stated, the terms Bad Leaver, Cause and Good Reason as used herein are as defined or clarified in the Cooperation Agreement, Letter and Notices and for the avoidance of doubt, if the Company agrees to a request to bring your employment to an end earlier in accordance with Clause 1.1, you shall not be treated as having resigned without Good Reason for the purposes of whether or not you are a Bad Leaver in relation to your share plan entitlements and will continue to be treated as a Good Leaver. For the further avoidance of doubt, the Company confirms that if it agrees to a request to bring your employment to an end earlier in accordance with Clause 1.1, your termination for the purpose of your entitlements under the 2018 Acquisition Award Agreement, 2018 Annual Long Term Incentive Award and 2018 options granted under the 2012 Equity Incentive Plan will continue to be treated as an Involuntary Termination without Cause for the purpose of the relevant plan rules.

Transitional Share Award

- 11.1 In relation to your October 2015 Transitional Share Award, the Company confirms that:
- 11.1.1 subject to the minimum shareholding requirement applicable to your award, with effect from the Completion Date such award was exchanged into an award over shares in Vantiv, Inc. (which was renamed on Completion as Worldpay, Inc.);
 - 11.1.2 the number of Worldpay, Inc. shares subject to your award was calculated in accordance with the terms of the Cooperation Agreement and the Letter on the basis illustrated in Annex 4;
 - 11.1.3 all other material terms of the Transitional Award Plan, including the minimum shareholding requirement, vesting and exercise periods, will continue to apply, save that if you cease to be an employee of the Company before the October 2018 vesting date for any reason other than as a Bad Leaver, your award will not lapse, but will continue to vest on the October 2018 vesting date in accordance with its terms. For the avoidance of doubt, if you become a Bad Leaver before the October 2018 vesting date, your award will lapse and cease to be exercisable in its entirety.

Performance Share Award

- 11.2 In relation to your March 2016 Performance Share Award the Company confirms:
- 11.2.1 The Remuneration Committee assessed performance in relation to the 2016 Performance Share Award as against the performance conditions set out in the Worldpay 2015 Annual Report shortly before the Completion Date, and applied that assessment to the full grant of the March 2016 Performance Share Award;
 - 11.2.2 Your grant of the March 2016 Performance Share Award was then exchanged based on the performance assessment and the calculation set out in the Cooperation Agreement, into an award of shares in Worldpay, Inc. (the "Rollover 2016 PSP"), and will not be subject to further performance assessment on the vesting date of March 2019. However, as a member of the Executive Team, your Rollover 2016 PSP will be released as follows: 50% will be released in March 2020 and the other 50% will be released in March 2021;
 - 11.2.3 The number of Worldpay, Inc. shares subject to your Rollover 2016 PSP was calculated in accordance with the terms of the Cooperation Agreement and the Letter on the basis illustrated in Annex 4; and
 - 11.2.4 All other material terms of the Performance Share Award Plan, including the vesting and exercise periods, will continue to apply, save that if you cease to be an employee of the Company before the vesting date for any reason other than as a Bad Leaver, your Rollover 2016 PSP will not lapse, but will continue to vest on the vesting date in accordance with its terms with no pro rating. For the avoidance of doubt, if you become a Bad Leaver before the vesting date, your award will lapse and cease to be exercisable in its entirety.
- 11.3 In relation to your March 2017 Performance Share Award the Company confirms:
- 11.3.1 The Remuneration Committee assessed performance in relation to your March 2017 Performance Share Award as against the performance conditions set out in the Worldpay 2016 Annual Report shortly before the Completion Date, and applied that assessment to 1/3 (one third) of the 2017 Performance Share Award;
 - 11.3.2 That 1/3 of your grant of 2017 Performance Share Award was then, based on the performance conditions set out in the Worldpay 2016 Annual Report and the calculation set out in the Cooperation Agreement, converted into an award of shares in Worldpay, Inc. ("Performance Assessed Rollover 2017 PSP Award"), and will not be subject to further performance assessment on the vesting date of March 2020. However, as a member of the Executive Team, the terms of your Performance Assessed Rollover 2017 PSP Award will be released as follows: 50% will be released in March 2021 and the other 50% will be released in March 2022;
 - 11.3.3 The number of Worldpay, Inc. shares subject to your Performance Assessed Rollover 2017 PSP Award was calculated in accordance with the terms of the Cooperation Agreement and the Letter on the basis illustrated in Annex 4; and

- 11.3.4 All other material terms of the 2017 Performance Share Award Plan, including the vesting and exercise periods, will continue to apply to your Performance Assessed Rollover 2017 PSP Award, save that if you cease to be an employee of the Company before the March 2020 vesting date for any reason other than as a Bad Leaver, your Performance Assessed Rollover 2017 PSP Award will not lapse, but will continue to vest on the March 2020 vesting date in accordance with its terms with no pro rating. For the avoidance of doubt, if you become a Bad Leaver before the March 2020 vesting date, your award will lapse and cease to be exercisable in its entirety;
- 11.3.5 The remaining 2/3 (two thirds) of your grant of 2017 Performance Share Award was not subject to performance assessment at the same time as the 1/3, and instead was, based on the calculation set out in the Cooperation Agreement, converted into an award of shares in Worldpay, Inc. ("Future Performance Rollover 2017 PSP Award");
- 11.3.6 The number of Worldpay, Inc. shares subject to your Future Performance Rollover 2017 PSP Award has been calculated in accordance with the terms of the Cooperation Agreement and the Letter on the basis illustrated in Annex 4; and
- 11.3.7 All other material terms and conditions of the original 2017 Performance Share Award will continue to apply to the Future Performance Rollover 2017 PSP Award including the original vesting and exercise periods, save that (and as more particularly set out in the Notice applicable to this award) (i) vesting shall be subject to the same performance conditions as those that apply to the legacy Vantiv group long term incentive awards that were granted by Vantiv to legacy Vantiv group employees in February 2017 (and as may subsequently be adjusted in light of the merger of Vantiv and Worldpay in the Compensation Committee's absolute discretion); and (ii) if you cease to be an employee prior to the vesting and/or exercise dates for any reason you will be subject to the same termination provisions as those that apply under the Vantiv, Inc. 2012 stock incentive plan (which has been amended and restated as the Worldpay, Inc. 2012 stock incentive plan), save that the Future Performance Rollover 2017 PSP Award will be pro-rated by reference to the proportion of the vesting period for which you remain employed between the Completion Date and the Termination Date, as compared to the period between the Completion Date and the March 2020 vesting date. However, as a member of the Executive Team, the terms of your Future Performance Rollover 2017 PSP Award will be released as follows: 50% will be released in March 2021 and the other 50% will be released in March 2022.

Deferred Bonus Share Plan Award

- 11.4 In relation to your Deferred Bonus Share Plan Award, the Company confirms that:
 - 11.4.1 on the Completion Date such award was converted into an award of shares in Worldpay, Inc.;
 - 11.4.2 the number of the shares awarded in Worldpay, Inc. has been calculated in accordance with the terms of the Cooperation Agreement and the Letter on the basis illustrated in Annex 4;
 - 11.4.3 all other material terms of the Deferred Bonus Share Plan, including the vesting and exercise periods, will continue to apply, save that if you cease to be an employee of the Company before the due date for vesting for any reason other than as a Bad Leaver (as defined in Rule 4.3 of the Deferred Bonus Share Plan), your award will not lapse, but will continue to vest in accordance with its terms. For the avoidance of doubt, if you become a Bad Leaver (as defined in Rule 4.3) before the vesting date, your award will lapse and cease to be exercisable in its entirety.

Save As you Earn Shares

- 11.5 In relation to your Save as You Earn ("SAYE") Awards:
 - 11.5.1 Prior to Completion and in accordance with the terms of the Cooperation Agreement and the Letter, you were given the choice of:
 - 11.5.1.1 exercising your SAYE Award options early on or by no later than 6 months following the Completion Date; or
 - 11.5.1.2 exchanging your SAYE Award for an award of shares in Worldpay, Inc. to be calculated in accordance with the terms of the Cooperation Agreement and the Letter (the "Rollover SAYE Award");

- 11.5.2 If you chose to receive the Rollover SAYE Award all other terms and conditions of the original SAYE Awards will continue to apply including the original vesting and exercise periods, the aggregate exercise price payable and the terms and conditions of the original savings contract. In addition, the leaver provisions under the SAYE will continue to apply.
- 11.5.3 Further information about the early exercise of your options, including the time available for exercise, is available from Equiniti. There are different tax implications to the early exercise of your options and you should seek independent advice accordingly.

2018 Acquisition Award Agreement

- 11.6 In relation to your 2018 Acquisition Award ("Acquisition Award") granted under the UK Sub- Plan to the Worldpay, Inc. 2012 Equity Incentive Plan:
- 11.6.1 On the basis that this is an Involuntary Termination Without Cause, one third (1/3) of the PSUs comprised in your Acquisition Award (rounded down to the nearest PSU) will vest in accordance with Section 4.1 of the Agreement governing your Acquisition Award ("Acquisition Award Agreement") subject to (a) achievement of the Performance Goals and Stock Price Hurdle as if your Continuous Service Status had not terminated and (b) compliance with the restrictive covenants set forth in Section 13 of the Acquisition Award Agreement through to the applicable Vesting Date. Vested PSUs will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period in accordance with section 5 of the Acquisition Award Agreement. Your award will vest by reference to the Performance Goals and Stock Price Hurdle set out in Exhibit 1 to the Acquisition Award Agreement with no discretion reserved to the Compensation Committee as to the number of shares which you will receive.
- 11.6.2 The remaining two thirds (2/3) of the PSUs comprised in your Acquisition Award shall be automatically forfeited and cancelled upon such termination of Continuous Service Status and neither the Company nor any Affiliate shall have any further obligations to you in relation to the same.
- 11.6.3 Terms not otherwise defined in this paragraph 11.6 shall have the same meaning as in the Acquisition Award Agreement.

2018 Annual Long-Term Incentive Award

- 11.7 In relation to your 2018 Annual Long-Term Incentive Award ("2018 LTI Award") granted under the UK Sub- Plan to the Worldpay, Inc. 2012 Equity Incentive Plan:
- 11.7.1 On the basis that this is an Involuntary Termination Without Cause, the PSUs comprised in your 2018 LTI Award will vest in accordance with Section 4 of the Agreement governing your 2018 LTI Award (your "2018 LTI Award Agreement") subject to (x) achievement of the Performance Goals as if your Continuous Service Status had not terminated, and (y) compliance with the restrictive covenants set forth in Section 13 of your 2018 LTI Award Agreement. Vested PSUs will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period in accordance with Section 5 of your 2018 LTI Award Agreement. Your award will vest by reference to the Performance Goals set out in Exhibit 1 to the 2018 LTI Award Agreement with no discretion reserved to the Compensation Committee as to the number of shares which you will receive.
- 11.7.2 Terms not otherwise defined in this paragraph 11.7 shall have the same meaning as in your 2018 LTI Award Agreement

2018 Options granted under the 2012 Equity Incentive Plan

- 11.8 In relation to your Options granted under the 2012 Equity Incentive Plan granted in 2018 under the UK Sub- Plan to the Worldpay, Inc. 2012 Equity Incentive Plan (your "2018 Options"):

- 11.8.1 On the basis that this is an Involuntary Termination Without Cause, your 2018 Options shall continue to vest as if your Continuous Service Status had not terminated subject to compliance with the restrictive covenants set forth in Section 6 of the Agreement governing your Options (your "2018 Option Agreement") and will remain exercisable until the Expiration Date.
- 11.8.2 Terms not otherwise defined in this paragraph 11.8 shall have the same meaning as in your 2018 Option Agreement.

Return of Property

- 12 Unless you have already done so, you will on or before the Termination Date:
- 12.1.1 return to the Company in good condition and order all property of the Company and of any Group Company or any of its or their respective customers or clients which is in your possession or under your control. This includes, but is not limited to, all documents, papers, records, files, computer disks, memory sticks, materials, and any copies or extracts of them, the company credit card, computer, laptop computer, mobile devices, mobile phone, keys and security pass;
- 12.1.2 delete from the hard disk of any personal computer used or controlled by you (except computers in the Company's possession or control) all documents and information belonging to, obtained from or prepared for the Company or any Group Company or any of its or their respective customers or clients and inform the Company of any passwords used by you on computers which are the property of the Company or any Group Company; and
- 12.1.3 at the Company's request, warrant your compliance with this paragraph 12.
- 12.1.4 For the avoidance of doubt, nothing in this agreement will prevent you from retaining (and you are not required to return, delete or destroy) information and documentation relating to the terms of your employment, this agreement, your compensation, bonus, benefits, awards, options, entitlements and/or any other aspects of your remuneration (this includes but is not limited to documentation and information relating to those matters referred to at clauses 10 and 11 of this agreement).
- 12.2 If you have not already done so, you shall with effect from the Garden Leave Date resign as a director of the Company and any of the Group Companies by signing the letter of resignation attached to this agreement at Annex 6, which shall be deemed to have been delivered to the Company and the relevant Group Companies as at the date of this agreement. You shall immediately do all such acts and things as the Company may require to effect your resignation from other offices with the Company or any of the Group Companies or which you held by reason of employment by the Company including (but without prejudice to the generality of the above) any trusteeships. Having resigned as a director of the Company and from such other offices which you hold with any Group Company you will not represent or suggest in any way any continued authority in respect of or connection to the Company or any Group Company.

Confidentiality and Post-Termination Restrictions

- 13 In consideration of the payments referred to in paragraphs 5.1 and 5.2 of this agreement and the Company's obligations at clause 13.1 below:
- 13.1 you acknowledge and confirm that the obligations and restrictions contained in clauses 13, 14, 15, 16 and Schedules 1 and 2 of your Contract of Employment, as superseded by the restrictive covenants in your Acquisition Award Agreement, 2018 LTI Award Agreement and 2018 Option Agreement ("the 2018 Agreements") and as amended by clause 13.2 below, and which are expressed to apply on and following the termination of your employment, will continue in full force and effect in accordance with their terms following the Termination Date, for the duration of the Restricted Period as defined in your Contract of Employment or as superseded by the restrictive covenants in the 2018 Agreements save that the Company and Group Company hereby agree that Joseph Meade, who is employed by the Company as your Chauffeur, and Carly Howarth, who is employed by the Company as your Executive PA, are expressly excluded from the non-solicitation and no-hire restrictive covenants as detailed in your Contract of Employment and the 2018 Agreements so long as the employment opportunity is for a non-competitor employer;

- 13.2 you acknowledge and agree that section 4 of Schedule 1 to your Contract of Employment shall be amended whereby the reference to “up to three percent” is changed to “up to five percent”. The Company agrees that the 2018 Agreements (as defined in clause 33 of this Agreement) are subject to and qualified by section 4 of Schedule 1 to your Contract of Employment as amended.;
- 13.3 you further covenant with the Company (for itself and as trustee and agent for each Group Company) that you shall not for the period of 24 months following the Garden Leave Date directly or indirectly on your own behalf or on behalf of any other person, concern, undertaking, firm or body corporate be employed or engaged by or assist in any way any other person, concern, undertaking, firm or body corporate for the purposes of providing advice and/or assistance and/or services in relation to any potential share sale, sale of the business or any listing of any of the Company and/or any Group Company and/or any business of any Group Company;
- 13.4 you undertake that save as may be required by law or regulation, not to disclose (directly or indirectly) to any party the contents of this agreement except to your professional advisers, your spouse or registered civil partner (on the basis that each of the foregoing parties agrees to keep the same confidential) and HM Revenue & Customs, provided always that nothing in this clause shall prevent you from supplying a copy of this agreement and its Annexures to any court of competent jurisdiction, or as otherwise required by law ;
- 13.5 you agree not to make, or allow to be made as far as it is within your control, (directly or indirectly) any disparaging or derogatory statement, whether written or oral (for the avoidance of doubt, electronically or online), about the Company or any Group Company (or any of its or their directors, officers, employees or shareholders) in relation to your employment by the Company or any Group Company, the manner and circumstances of and the events leading up to its termination or any other matter whatsoever;
- 13.6 without limitation in time, you will not divulge or make use of (whether directly or indirectly and whether for your own or another's benefit or purposes) any Confidential Information (this obligation does not apply to any disclosures required or protected by law or to any information in the public domain other than by way of unauthorised disclosure (whether by you or another person));
- 13.7 you agree that you will not hold yourself out as remaining employed by or otherwise continuing to work for the Company or any Group Company after the Termination Date, and on the Termination Date, or as soon as possible thereafter, you agree that you will update your LinkedIn profile and any other online presence accordingly;
- 13.8 not to make, or cause to be made (directly or indirectly), any statement or comment to the press or other media concerning your employment with the Company, or its termination without the prior written consent of the Company, with the exception that you may comment that you were employed with the Company; and
- 13.9 save as required by law or regulatory authority, you agree not to make comments or statements about the termination of your employment

For the avoidance of doubt, nothing in this clause 12 shall prevent you from (i) making a protected disclosure under the Public Interest Disclosure Act 1998; (ii) reporting in good faith an offence to a law enforcement agency; or (iii) co-operating in good faith with a criminal investigation or prosecution.

Reference and other Company obligations.

- 14 On request from a prospective employer, the Company will provide a reference in respect of you in the form of the template reference contained at Annex 3 to this agreement and will respond to all oral enquiries for a reference in terms consistent with the draft reference provided that any request for a reference is sent to the HR department and subject always to the Company's compliance with its obligations to third parties relating to the giving of references.
 - 14.1 In consideration of your obligations at clause 13 above, the Company agrees:
 - 14.1.1 not to disclose (directly or indirectly) to any person or organisation the contents of this agreement except to its Group Companies, its professional advisers (on the basis that each of the foregoing parties agrees to keep the same confidential), and/or HM Revenue & Customs, and PROVIDED ALWAYS that, for the avoidance of doubt, nothing in this agreement shall prevent the Company at any time from providing

information in relation to or supplying a copy of this agreement and its Annexes to its shareholders, officers or employees as it reasonably determines is necessary, to any court of competent jurisdiction (or as otherwise required by law or by any regulatory body), for the purposes of any due diligence exercise being conducted by a third party in respect of the Company's business, or for the purposes of responding to a statutory questionnaire under discrimination legislation or to any person, firm or organisation who has offered or may offer you employment, engagement or other business opportunities, for the purposes of drawing the attention of any such person, firm or organisation to the restraints referred to in clause 13.1 above; and

14.1.2 to write to the members of the Executive Teams instructing each of them as follows:-

14.1.2.1 not to make any derogatory or critical statements about your employment with the Company or its termination; and

14.1.2.2 not to make any statement or comment to the press or media concerning the termination of your employment with the Company or any Group Company (PROVIDED ALWAYS that the Company shall be free to publish the fact of such termination as required for the Company's Annual Report or other statutory or regulatory (including London and New York Stock Exchange) requirements).

Legal Fees

15 The Company will pay to the Adviser (as defined at clause 24 below) their reasonable legal costs incurred in connection with advice on the effect of this agreement subject to a maximum of £20,000 (inclusive of disbursements) plus VAT following receipt of a copy of an invoice from them addressed to you but marked payable by the Company and written confirmation that such legal costs were incurred exclusively in advising you in connection with the termination of the your employment. This invoice may be submitted after this agreement has been signed by all parties.

Outplacement Counselling

16 The Company will arrange for you to receive the six month Executive Outplacement programme and counselling services from Right Management up to a maximum cost of £3,700 plus VAT and subject to receipt by the Company of a valid invoice in respect of the services (addressed to you but marked as payable by the Company) such outplacement services to be commenced no later than 31 December 2019. There is no cash alternative to outplacement counselling services. You will be contacted about this service once this agreement is fully signed.

Settlement of Claims

17 You consider that you may have statutory claims, and therefore could bring proceedings against the Company or any Group Company (or any of its or their directors, officers, employees or shareholders in that capacity) for:

17.1 unfair dismissal under section 94 of the Employment Rights Act 1996;

17.2 automatic unfair dismissal under sections 94 and 103A and protection from suffering detriment under section 47B of the Employment Rights Act 1996 (protected disclosures);

17.3 automatic unfair dismissal under sections 94 and 104 of the Employment Rights Act 1996 (assertion of statutory rights);

17.4 automatic unfair dismissal under section 94 of the Employment Rights Act 1996 and section 12 of the Employment Relations Act 1999 (right to accompaniment);

17.5 claims that you have suffered any unlawful deduction of wages under Part II of the Employment Rights Act 1996 or are owed any payment by the Company or any Group Company (or any of its or their directors, officers or shareholders in that capacity);

17.6 right to accompaniment and protection from suffering detriment under sections 10 and 12 of the Employment Relations Act 1999

Adviser to confirm if there are further particular claims and/or proceedings on which he/she has advised the Employee.

(together the "Particular Claims").

- 18 You consider that you have or may have the further claims set out in Annex 2 ("Claims"). You also acknowledge that there are or might exist claims or causes of action against the Company or any Group Company (or any of its or their directors, officers, employees or shareholders in that capacity) in any jurisdiction in the world arising out of or connected with your employment or the holding of any office with the Company or any Group Company, the termination of your employment, or any other matter whatsoever, which are not contemplated by you at the date of this agreement, whether based on facts known or unknown to you or on the law as it currently stands or may develop or claims you have or may have now or at any point in the future ("Additional Claims"), but nevertheless it is your intention to settle all such Additional Claims by this agreement. You agree that the payments referred to at paragraph 5.1 above and the arrangements set out in this agreement are accepted by you in full and final settlement of any of (i) the Particular Claims, (ii) the Claims and (iii) the Additional Claims and you irrevocably waive any Particular Claims, Claims and Additional Claims that you have (or may have) against the Company or any Group Company (or any of its or their directors, officers or shareholders in that capacity) whether or not such Particular Claims, Claims or Additional Claims are in the contemplation of you or such persons at the Termination Date.
- 19 The waiver and release in paragraph 18 does not apply to:
- 19.1 any claim for enforcement of this agreement;
- 19.2 any Particular Claim, Claim or Additional Claim that you may have against the Company or any Group Company in respect of personal injury caused by the Company's or any Group Company's negligence (save for any claims for compensation, or damages, for personal injury which may be brought pursuant to discrimination legislation and/or pursuant to Part V of the Employment Rights Act 1996) provided that you warrant that you are not aware of any grounds that you may have to bring such a claim; and
- 19.3 any pension rights or pension benefits which have accrued to you up to the Termination Date.
- 20 You agree that the Severance Payment shall be treated as an advance payment for any compensation or awards made to you by the Employment Tribunal, the County Court and/or the High Court, including, but not limited to any award arising out of a claim under ss.188 to 192 Trade Union and Labour Relations (Consolidation) Act 1992 and/or Regulations 15 and 16 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (except insofar as it has been repaid to the Company under paragraph 21.1 below) although no admission of liability for any such compensation or awards is hereby made.
- 21 If you institute any Particular Claims, Claims or Additional Claims or seek to enforce any award arising out of a claim under ss.188 to 192 Trade Union and Labour Relations (Consolidation) Act 1992 and/or Regulations 15 and 16 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 against the Company or any Group Company, its or their employees, officers or shareholders, whether in the Employment Tribunal, a County Court, a High Court or otherwise (save from claims which fall within the exclusions set out in paragraph 19 above) (or bring or make any other complaint or claim relating to your employment or its termination) then, without prejudice to any other rights or remedies that the applicable person may have arising from such action, you hereby agree to:
- 21.1 repay to the Company on demand and in full the Severance Payment (less such deductions as have been made by reason of tax and national insurance contributions) paid to you under this agreement and you agree that this sum shall be recoverable as a debt; and
- 21.2 indemnify the Company and each Group Company on demand for all reasonable legal fees and expenses that they incur in recovering the sum and/or defending any Particular Claim, Claim or Additional Claim or responding to any other complaint you may make to a regulator or ombudsman.
- 22 Except for the payments and benefits provided for in this agreement, no other sums or benefits are due to you from the Company or any Group Company.
- 23 It is agreed that your acceptance of the terms of this agreement constitutes a settlement agreement satisfying all of the conditions relating to settlement agreements under S.203(3) Employment Rights Act 1996, S.147 Equality Act 2010, S.288(2B) Trade Union and Labour Relations (Consolidation) Act 1992, S.49(4) National Minimum Wage Act 1998,

Regulation 35(3) Working Time Regulations 1998, Regulation 41 (4) of the Transnational Information and Consultation of Employees Regulations 1999, Regulation 40(4) of the Information and Consultation of Employees Regulations 2004, Paragraph 13 of the Schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 and S.58(5) Pensions Act 2008 (together the "Acts and Regulations").

- 24 You confirm that NIGEL FORSYTH ("the Adviser") is a qualified lawyer and an independent adviser for the purposes of the legislation referred to in clause 23. You warrant and agree that you have received independent legal advice from the Adviser as to the terms and effect of this agreement, in particular as to its effect on your ability to pursue your rights before the Employment Tribunal and before any European or other Court or body of competent jurisdiction from a relevant independent adviser for the purposes of the Acts and Regulations and you warrant that you have raised all facts and issues relevant to your employment and its termination which could give rise to a claim and all claims that
- 25 you may have against the Company or any Group Company to the Adviser who has signed a certificate attached at Annex 1. You confirm that the Adviser has advised that there is in force a policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of claims by you in respect of any loss arising in consequence of that advice.

Warranties

- 26 You warrant to the Company and each Group Company as a condition of this agreement that to the best of your knowledge and belief:
- 26.1 the Claims and Particular Claims are all of the claims (whether statutory or otherwise) that you consider you have, or may have, against the Company, any Group Company, its or their employees, officers or shareholders arising out of or in connection with your employment with the Company, or any Group, or its termination;
- 26.2 you are not aware of any condition, mental or physical, or any other facts or circumstances, which could constitute the basis for a claim against the Company or any Group Company for personal injury (whether at the date of signing this agreement or at any time in the future);
- 26.3 all grievances that have been raised by you are hereby withdrawn and that you further warrant that you have no other grievance with the Company or any Group Company in respect of or in connection with your employment with the Company or any Group Company, its termination or any other matter;
- 26.4 you are not aware of any grounds on which you may make (or, to the best of your knowledge, any other employee of the Company or any Group Company is intending to make) a "protected disclosure" or a "qualifying disclosure" within the meaning of Part IVA Employment Rights Act 1996 in relation to the Company or any Group Company;
- 26.5 save as provided in this agreement, there is no payment due to you under any contractual agreement with the Company or any Group Company;
- 26.6 that you have not committed any act or any omission which would have legally entitled the Company to summarily dismiss you without notice and without compensation and will not commit any such act between the date of this agreement and the Termination Date;
- 26.7 that you have not contacted ACAS pursuant to section 18A of the Employment Rights Act 1996 or presented or issued a claim to the Employment Tribunals, a County Court or a High Court in respect of any matter connected with your employment or its termination and that neither you nor anyone acting on your behalf will contact ACAS pursuant to section 18A of the Employment Rights Act 1996 or present or issue such a claim;
- 26.8 you have not secured or accepted an offer of alternative employment at the signing date before accepting the offer set out in this agreement and acknowledge that the Company has relied upon that warranty and representation in entering into this agreement with you.

Further Assistance

27 You agree (to the extent that is reasonable) to make yourself available whenever possible to, and to cooperate with, the Company or its advisers in any internal investigation or administrative, regulatory, judicial or quasi-judicial proceedings. You acknowledge that this could involve, but is not limited to, responding to or defending any regulatory or legal process, providing information in relation to any such process, preparing witness statements and giving evidence in person on behalf of the Company, provided always that the Company or the relevant Group Company shall reimburse you for your time incurred (where such further assistance is requested after the Termination Date) and reasonable expenses properly incurred and evidenced by you in giving such assistance.

General

28 The various provisions and sub-provisions of this agreement and its annexures are severable. If any provision shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this agreement and its annexures which shall remain in full force and effect.

29 The terms of this agreement are in substitution for all previous agreements or arrangements (whether written or oral) between the Company and you or any Group Company in connection with the termination of your employment which shall be deemed to have been terminated by mutual consent as from the date of this agreement. You confirm that, except as provided in this agreement, you have not relied on any representation, warranty or undertaking which is not contained in this agreement and you shall have no right of action in respect of any such representation, warranty or undertaking. Nothing in this agreement shall operate to limit or exclude any liability for fraud.

30 The Company is entering into this agreement for itself and as agent for and trustee of all Group Companies. Any Group Company or any director, officer or shareholder of the Company or any Group Company may enforce the terms of this agreement subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999. Notwithstanding this, neither the Company nor you require the consent of any Group Company or any director, officer or shareholder of the Company or any Group Company to agree variations to this agreement at any time, even if that variation affects the benefits conferred on such persons.

31 In this agreement the following terms and expressions shall have the following meanings:

31.1 "Group Company" means Worldpay, Inc., and any company which is from time to time a holding company of the Company or Worldpay, Inc., a subsidiary of the Company or Worldpay, Inc., or a subsidiary of a holding company of the Company or Worldpay, Inc... The words "holding company" and "subsidiary" have the meanings given to them by s.1159 Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee;

31.2 "Completion Date" means the date on which the merger between the Vantiv and Worldpay groups completes, and which, as at the date of this agreement, is confirmed to be 16 January 2018;

31.3 "Confidential Information" means trade secrets or confidential information including but not limited to such information relating to business plans or dealings, technical data, existing and potential projects, financial information dealings and plans, sales specifications or targets, customer lists or specifications, customers, business developments and plans, research plans or reports, sales or marketing programmes or policies or plans, price lists or pricing policies, employees or officers, source codes, computer systems, software, designs, formula, prototypes, past and proposed business dealings or transactions, product lines, services, research activities belonging to or which relate to the affairs of the Company or any Group Company, or any document marked "Confidential" (or with a similar expression), or any information which you have been told is confidential or which you might reasonably expect the Company would regard as confidential or information which has been given in confidence to the Company or any Group Company by a third party; and

31.4 "Worldpay, Inc." is a company incorporated under the laws of Delaware whose registered address is 8500 Governor's Hill Drive, Cincinnati, Ohio, 45249-1384 (and formerly named Vantiv, Inc.).

- 32 This agreement shall be governed by and construed in accordance with the Laws of England. Non-contractual obligations (if any) arising out of or in connection with this agreement (including its formation) shall also be governed by the laws of England. The Company and you submit to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter (whether contractual or non-contractual) arising out of or in connection with this agreement (including its formation).
- 33 For the avoidance of doubt, save as expressly provided for by clause 13.2 of this Agreement, to the extent any post-termination obligations and restrictions in this agreement or your Contract of Employment conflict with the restrictive covenants in your Acquisition Award Agreement, 2018 LTI Award Agreement and 2018 Option Agreement (together the “2018 Agreements”), the restrictive covenants in the 2018 Agreements shall control. Further, for the avoidance of doubt, the governing law and forum selection provisions in the 2018 Agreements shall control as to any claim, dispute or matter (whether contractual or non-contractual) arising out of or in connection with the 2018 Agreements.
- 34 The Company’s D&O Insurance Policy (“Policy”) provides for six (6) years of tail coverage and, therefore, you shall continue to be covered under the Policy during this period of time in accordance with the terms and conditions of the Policy. The Company also confirms that you will continue to have the benefit of such indemnity as is provided by clause 16.1 of the Cooperation Agreement and by the Amended and Restated Bylaws of Worldpay, Inc.
- 35 Although this agreement is marked "Without prejudice" and "Subject to contract", when it has been (i) signed by or on behalf of each of the parties, (ii) signed by your legal adviser where shown below, and (iii) the signed agreement has been delivered to the Company or its authorised representative, this agreement shall become open and binding.
- 36 This agreement may be executed in any number of counterparts, each of which when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument. Either party may enter into this agreement by executing a counterpart and this agreement shall not take effect until it has been executed by both parties.
- 37 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 38 All references in this agreement and its annexes to the Company or any Group Companies shall include any successor in title or assign of the Company or any of the Group Companies.

Please confirm your agreement with and acceptance of these terms by signing and returning the enclosed copy of this agreement.

The parties have executed this agreement as a deed on the date first above written:

**For and on behalf of
WORLDPAY GROUP LIMITED**

/s/ Nelson F. Greene
.....
By: Nelson F. Greene

PHILIP JANSEN

/s/ Philip Jansen
.....

**For and on behalf of
WORLDPAY INC.**

/s/ Nelson F. Greene
.....
By: Nelson F. Greene

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

I, Stephanie L. Ferris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Worldpay, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2018

/s/ STEPHANIE L. FERRIS

Stephanie L. Ferris

Chief Financial Officer

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

I, Charles D. Drucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Worldpay, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2018

/s/ CHARLES D. DRUCKER

Charles D. Drucker

Executive Chairman and Co-Chief Executive Officer

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

I, Philip Jansen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Worldpay, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 8, 2018

/s/ PHILIP JANSEN

Philip Jansen

Co-Chief Executive Officer

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

In connection with the Quarterly Report of Worldpay, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

November 8, 2018

/s/ CHARLES D. DRUCKER

Charles D. Drucker

Executive Chairman and Co-Chief Executive Officer

November 8, 2018

/s/ PHILIP JANSEN

Philip Jansen

Co-Chief Executive Officer

November 8, 2018

/s/ STEPHANIE L. FERRIS

Stephanie L. Ferris

Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to Worldpay, Inc. and will be retained by Worldpay, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]
