Wright Express CORP
Form S-1/A
February 14, 2005
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As Filed With The Securities And Exchange Commission On February 14, 2005

Registration No. 333-120679

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 5

to

FORM S-1

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

Wright Express LLC

to be converted to a corporation to be renamed

WRIGHT EXPRESS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	7549	01-0526993
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S Employer Identification No.)

97 Darling Avenue

South Portland, Maine 04106

(207) 773-8171

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Hilary A. Rapkin, Esq.

Senior Vice President, General Counsel and Corporate Secretary

Wright Express Corporation

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(207) 773-8171

(Names, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We and the selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we and the selling stockholder are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated February 14, 2005

Preliminary Prospectus

40,000,000 shares

Common stock

This is an initial public offering of shares of common stock of Wright Express Corporation. Cendant Corporation, the sole stockholder of Wright Express, is offering 40,000,000 shares and is selling its entire ownership interest in Wright Express in connection with this offering. Wright Express will not receive any proceeds from the sale of the shares being offered hereby, unless the underwriters exercise their option to purchase additional shares. Prior to this offering, there has been no public market for the common stock. The estimated initial public offering price is between $19.00 and $21.00 per share.

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

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to Cendant	$	$

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

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

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

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

Banc of America Securities LLC

Citigroup

Deutsche Bank Securities

Goldman, Sachs & Co.

Lehman Brothers

UBS Investment Bank

Wachovia Securities

, 2005

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Prospectus summary

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

Wright Express

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

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

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

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

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

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

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

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

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

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

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

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

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Competitive strengths

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

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

Our growth strategies

We intend to pursue the following growth strategies:

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

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

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

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

further penetrating heavy truck fleets;

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

expanding internationally.

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

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

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

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

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

Our liquidity sources

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

Concurrent transaction

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

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Risk factors

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

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

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

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

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

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

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

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

prior to the completion of this offering, we will declare a special dividend to Cendant in an amount not expected to exceed $325.0 million. The cash portion of the special dividend will be funded from borrowings under our new credit agreement and excess cash on hand at the time of the special dividend. The special dividend will benefit only Cendant and not you as a stockholder following this offering.

Relationship with Cendant

Wright Express, which began operations in 1983, was acquired in February 1996 by an entity that subsequently merged with HFS Incorporated to form Cendant in December 1997. In June 1999, Wright Express was sold to Avis Group Holdings, Inc., which was acquired by Cendant in March 2001. Between June 1999 and March 2001, Cendant beneficially owned approximately 20% of Avis s common stock and was Avis s largest stockholder. Accordingly, Cendant has played a significant role in the management and growth of Wright Express since 1997. See Business Our history.

Cendant is selling its entire ownership interest in us in connection with this offering. We will not receive any proceeds from this offering unless the underwriters option to purchase additional shares is exercised. Assuming this offering is completed at the midpoint of the offering price range set forth on the cover page of this prospectus, Cendant anticipates that it will receive

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approximately $1.1 billion in connection with the disposition of its ownership interest in us. This amount primarily consists of $760.0 million in net proceeds from the sale of shares of common stock offered by Cendant in this offering and a special dividend to Cendant of approximately $310.0 million. The special dividend, which will be declared prior to the completion of this offering, will consist of a cash and a non-cash portion. The cash portion of the special dividend will be funded through borrowings of $270.0 million under a new credit agreement that we intend to enter into concurrently with the closing of this offering, and approximately $14.9 million of excess cash on hand at the time of the special dividend. The $25.1 million non-cash portion of the special dividend relates to the cancellation of the entire balance of a net receivable from Cendant. Because the amount of excess cash on hand varies over time and the amount of the net receivable balance changes periodically in the ordinary course of our business, the actual amount of the special dividend may be different than the amount stated above. As funds generated by our operations are transferred to Cendant, the net receivable balance increases (thereby increasing the amount of the special dividend), and as costs are allocated by Cendant to us, the net receivable balance is reduced (thereby decreasing the amount of the special dividend). However, the special dividend is not expected to exceed $325.0 million.