EVERTEC, Inc.
Form S-1/A
March 14, 2013
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As filed with the Securities and Exchange Commission on March 14, 2013

Registration No. 333-186487

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EVERTEC, INC.

(Exact name of registrant as specified in its charter)

Puerto Rico	**7374**	**66-0783622**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Cupey Center Building

Road 176, Kilometer 1.3

San Juan, Puerto Rico 00926

(787) 759-9999

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Luisa Wert Serrano, Esq.

EVERTEC, Inc.

Cupey Center Building

Road 176, Kilometer 1.3

San Juan, Puerto Rico 00926

(787) 759-9999

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Rosa A. Testani, Esq.	**Michael J. Ohler, Esq.**
Akin Gump Strauss Hauer & Feld LLP	**Cahill Gordon & Reindel LLP**
One Bryant Park	**80 Pine Street**
New York, NY 10036	**New York, NY 10005**
(212) 872-8115	**(212) 701-3000**

Approximate date of commencement of proposed sale of the securities 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, 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 this Form is a post-effective amendment filed pursuant to Rule 462(d) 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. ¨

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price (1)**	**Amount of registration fee (2)**
Common stock, $0.01 par value per share	$ 100,000,000.00	$13,640.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Previously paid in connection with the filing of this Registration Statement on February 6, 2013.

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, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said 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 stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated March 14, 2013

PRELIMINARY PROSPECTUS

Shares

EVERTEC, Inc.

Common Stock

$ per share

This is our initial public offering. We are selling of the shares being offered hereby. The selling stockholders identified in this prospectus are selling an additional shares. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for our common stock. Our shares of common stock have been approved for listing on the New York Stock Exchange (NYSE) under the symbol EVTC. Following the completion of this offering, we will remain a controlled company as defined under the NYSE listing rules because the group consisting of funds affiliated with Apollo Global Management, LLC and Popular, Inc. will beneficially own % of our shares of outstanding common stock, assuming the underwriters do not exercise their option to purchase up to additional shares from the selling stockholders. See Principal and Selling Stockholders.

We are an emerging growth company under applicable federal securities laws and are eligible for reduced public company reporting requirements. See Risk Factors Risks Related to Our Business As an emerging growth company under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain reporting and disclosure requirements, which may make our future public filings different than that of other public companies.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 20 of this prospectus.

	Price to Public	Underwriting Discounts	Proceeds to EVERTEC, Inc.	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

The underwriters also have an option to purchase up to an additional shares from the selling stockholders at the initial public offering price less the underwriting discount.

Delivery of the shares of common stock will be made on or about , 2013.

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

Goldman, Sachs & Co. J.P. Morgan

William Blair **UBS Investment Bank** **Popular Securities** **Morgan Stanley** **Deutsche Bank Securities** **Credit Suisse** **Citigroup** **BofA Merrill Lynch** **Apollo Global Securities**

The date of this prospectus is , 2013.

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You should rely only on the information contained in this prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us. We are not making an offer in any jurisdiction where an offer or sale is not permitted. The information contained in this prospectus is current only as of its date.

Except as otherwise indicated or unless the context otherwise requires, (a) the terms EVERTEC, we, us, our, the Company and our compar refer to EVERTEC, Inc. and its subsidiaries on a consolidated basis, (b) the term Holdings refers to EVERTEC Intermediate Holdings, LLC, but not to any of its subsidiaries and (c) the term EVERTEC, LLC refers to EVERTEC Group, LLC and its predecessor entities and their subsidiaries on a consolidated basis, including the operations of its predecessor entities prior to the Merger (as defined below). Neither

EVERTEC nor Holdings conducts any operations other than with respect to its indirect or direct ownership of EVERTEC, LLC.

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SUMMARY

This summary highlights key aspects of the information contained elsewhere in this prospectus and may not contain all of the information you should consider before making an investment decision. You should read this summary together with the entire prospectus, including the information presented under the heading Risk Factors and the more detailed information in the historical financial statements and related notes appearing elsewhere in this prospectus. For a more complete description of our business, see the Business section in this prospectus.

Company Overview

EVERTEC is the leading full-service transaction processing business in Latin America and the Caribbean. We are based in Puerto Rico and provide a broad range of merchant acquiring, payment processing and business process management services across 19 countries in the region. We process over 1.8 billion transactions annually, and manage the electronic payment network for over 4,100 automated teller machines (ATM) and over 104,000 point-of-sale (POS) payment terminals. According to the July 2012 Nilson Report, we are the largest merchant acquirer in the Caribbean and Central America and the sixth largest in Latin America based on total number of transactions. We own and operate the ATH network, one of the leading ATM and personal identification number (PIN) debit networks in Latin America. In addition, we provide a comprehensive suite of services for core bank processing, cash processing and technology outsourcing in the regions we serve. We serve a broad and diversified customer base of leading financial institutions, merchants, corporations and government agencies with mission critical technology solutions that are essential to their operations, enabling them to issue, process and accept transactions securely, and we believe that our business is well positioned to continue to expand across the fast growing Latin American region.

We are differentiated, in part, by our diversified business model, which enables us to provide our varied customer base with a broad range of transaction processing services from a single source across numerous channels and geographic markets. We believe this single source capability provides several competitive advantages which will enable us to continue to penetrate our existing customer base with new, complementary services, win new customers, develop new sales channels and enter new markets. We believe these competitive advantages include:

- Our ability to package and provide a range of services across our customers business that often need to be sourced from different vendors;

- Our ability to serve customers with disparate operations in several geographies with a single integrated technology solution that enables them to manage their business as one enterprise; and

- Our ability to capture and analyze data across the transaction processing value chain to provide value-added services that are differentiated from those offered by pure play vendors that only have the technology, capabilities and products to serve one portion of the transaction processing value chain (such as only merchant acquiring or payment processing).

Our broad suite of services span the entire transaction processing value chain and include a range of front-end customer facing solutions as well as back-end support services. These include: (i) merchant acquiring services, which enable POS and e-commerce merchants to accept and process electronic methods of payment such as debit, credit, prepaid and electronic benefits transfer (EBT) cards; (ii) payment processing services, which enable financial institutions and other issuers to manage, support and facilitate the processing for credit, debit, prepaid, ATM and EBT card programs; and (iii) business process management solutions, which provide mission critical technology solutions such as core bank processing, as well as information technology (IT) outsourcing and cash management services to financial institutions, enterprises and governments. We provide these services through a highly scalable, end-to-end technology platform that we manage and operate in-house. Our end-to-end technology platform includes solutions that encompass the entire transaction processing value chain. This enables us to provide front-end processing services, such as the electronic capture and authorization of transactions at the point-of-sale, and back-end services, such as the clearing and settlement of transactions and account reconciliation for card issuers. Our platform provides us with the broad range of capabilities, flexibility and operating leverage that enable us to innovate and develop new services, differentiate ourselves in the marketplace and generate significant operating efficiencies to continue to maximize profitability.

We sell and distribute our services primarily through a proprietary direct sales force with strong customer relationships. We are also increasingly building a variety of indirect sales channels which enable us to leverage the distribution capabilities of partners in adjacent markets, including value-added resellers, joint ventures and merchant acquiring alliances. Given our breadth across the transaction processing value chain, our customer base is highly diversified by size, type and geographic footprint.

We benefit from an attractive business model, which is characterized by recurring revenue, significant operating margins and low capital expenditure requirements. Our revenue is recurring in nature because of the mission-critical and embedded nature of the services we provide, the high switching costs associated with these services and the multi-year contracts we negotiate with our customers. Our scalable business model creates significant operating efficiencies. In addition, our business model enables us to continue to grow our business organically without significant additional capital expenditures.

We generate revenues based primarily on transaction fees paid by our merchants and financial institutions in our Merchant Acquiring and Payment Processing segments and on transaction fees or fees based on number of accounts on file in our Business Solutions segment. Our total revenues increased from $276.3 million for the year ended December 31, 2009 to $341.7 million for the year ended December 31, 2012, representing a compound annual growth rate (CAGR) of 7%. Our Adjusted EBITDA (as defined below in Note 3 to Summary Historical Consolidated and Combined Financial Data) increased from $117.6 million for the year ended December 31, 2009 to $169.6 million for the year ended December 31, 2012, representing a CAGR of 13%. Our Adjusted Net Income (as defined below in Note 3 to Summary Historical Consolidated and Combined Financial Data) increased from $58.2 million for the year ended December 31, 2009 to $84.4 million for the year ended December 31, 2012, representing a CAGR of 13%.

History and Separation from Popular

We have a 25 year operating history in the transaction processing industry. Prior to the Merger on September 30, 2010, EVERTEC, LLC was 100% owned by Popular, Inc. (Popular), the largest financial institution in the Caribbean, and operated substantially as an independent entity within Popular. In September 2010, Apollo Global Management, LLC, a leading private equity investor, acquired a 51% interest in EVERTEC and shortly thereafter, we began the transition to a separate, stand-alone entity. As a stand-alone company, we have made substantial investments in our technology and infrastructure, recruited various senior executives with significant transaction processing experience in Latin America, enhanced our profitability through targeted productivity and cost savings actions and broadened our footprint beyond the markets historically served.

We continue to benefit from our relationship with Popular. Popular is our largest customer, acts as one of our largest merchant referral partners and sponsors us with the card associations (such as Visa or MasterCard), enabling merchants to accept these card associations credit card transactions. Popular also provides merchant sponsorship as one of the participants of the ATH network, enabling merchants to connect to the ATH network and accept ATH debit card transactions. We provide a number of critical products and services to Popular, which are governed by a 15-year Amended and Restated Master Services Agreement (the Master Services Agreement) that runs through 2025. For more information on the Master Services Agreement and other related party agreements, see Principal Stockholders and Certain Relationships and Related Party Transactions Related Party Transactions in Connection with the Closing of the Merger.

Industry Trends

Shift to Electronic Payments

The ongoing migration from cash, check and other paper methods of payment to electronic payments continues to benefit the transaction processing industry globally. This migration is driven by factors including customer convenience, marketing efforts by financial institutions, card issuer rewards and the development of new

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forms of payment. We believe that the penetration of electronic payments in the markets where we principally operate is significantly lower relative to more mature U.S. and European markets and that this ongoing shift will continue to generate substantial growth opportunities for our business.

Fast Growing Latin American and Caribbean Financial Services and Payments Markets

Currently, the adoption of banking products, including electronic payments, in the Latin American and Caribbean region is lower relative to the mature U.S. and European markets. As these markets continue to evolve and grow, the emergence of a larger and more sophisticated consumer base will influence and drive an increase in card and electronic payments usage. According to the November 2011 and May 2012 Nilson Reports, the Latin American payments market is projected to continue to grow at a CAGR of 23.0% through 2015 (as illustrated in the chart below) and represents the second fastest growing market in the world.

We believe that the attractive characteristics of our markets and our leadership positions across multiple services and sectors will continue to drive growth and profitability in our businesses.

Ongoing Technology Outsourcing Trends

Financial institutions globally are facing significant challenges including the entrance of non-traditional competitors, the compression of margins on traditional products, significant channel proliferation and increasing regulation that could potentially curb profitability. Many of these institutions have traditionally fulfilled their IT needs through legacy computer systems, operated by the institution itself. Legacy systems are generally highly proprietary, inflexible and costly to operate and maintain and we believe the trend to outsource in-house technology systems and processes by financial institutions will continue. According to estimates published by Gartner Dataquest Market Statistics in January 2013, the banking and securities sector in Latin America is forecasted to have $29 billion of annual IT expenditures by 2016. We believe our ability to provide integrated, open, flexible, customer-centric and efficient IT products and services cater to the evolving needs of our customers, particularly for small- and mid-sized financial institutions in the Latin American markets in which we operate.

Industry Innovation

The electronic payments industry experiences ongoing technology innovation. Emerging payment technologies such as prepaid cards, contactless payments, payroll cards, mobile commerce, online wallets and innovative POS devices facilitate the continued shift away from cash, check and other paper methods of payment. According to the 2012 World Payments Report, the number of online payments for e-commerce activities and number of payments using mobile devices are projected to grow at compound annual growth rates of 20.0% and 52.7%, respectively from 2009 to 2013. The increasing demand for new and flexible payment options catering to a wider range of consumer segments is driving growth in the electronic payment processing sector.

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Our Competitive Strengths

Market Leadership in Latin America and the Caribbean

We believe we have an inherent competitive advantage relative to U.S. competitors based on our ability to locally leverage our infrastructure, as well as our first-hand knowledge of the Latin American and Caribbean markets, language and culture. We have built leadership positions across the transaction processing value chain in the geographic markets that we serve, which we believe will enable us to continue to penetrate our core markets and provide advantages to enter new markets. According to the July 2012 Nilson Report, we are the sixth largest merchant acquirer in Latin America and the largest in the Caribbean and Central America based on total number of transactions. We own and operate the ATH network, one of the leading ATM and PIN debit networks in Latin America. The ATH network and processing businesses processed over one billion transactions in 2012, which according to management estimates, makes ATH branded products the most frequently used electronic method of payment in Puerto Rico, exceeding the total transaction volume of Visa, MasterCard, American Express and Discover, combined. Given our scale and customer base of top tier financial institutions and government entities, we believe we are the leading card issuer and core bank processor in the Caribbean and the only non-bank provider of cash processing services to the U.S. Federal Reserve in the Caribbean. We believe our competitive position and strong brand recognition increases card acceptance, driving usage of our proprietary network, and presents opportunities for future strategic relationships.

Diversified Business Model Across the Transaction Processing Value Chain

Our leadership position in the region is driven in part by our diversified business model which provides the full range of merchant acquiring, payment processing and business solutions services to financial institutions, merchants, corporations and government agencies across different geographies. We offer end-to-end technology solutions through a single provider and we have the ability to tailor and customize the features and functionality of all our products and services to the specific requirements of our customers in various industries and across geographic markets. We believe the breadth of our offerings enables us to penetrate our customer base from a variety of perspectives and positions us favorably to cross-sell our other offerings over time. For example, we may host a client s electronic cash register software (part of the Business Solutions segment), acquire transactions that originate at that electronic cash register (part of the Merchant Acquiring segment), route the transaction through the ATH network (part of the Payment Processing segment), and finally settle the transaction between the client and the issuer bank (part of the Payment Processing segment). In addition, we can serve customers with disparate operations in several geographies with a single integrated technology solution that enables them to access one processing platform and manage their business as one enterprise. We believe these services are becoming increasingly complementary and integrated as our customers seek to capture, analyze and monetize the vast amounts of data that they process across their enterprises. As a result, we are able to capture significant value across the transaction processing value chain and believe that this combination of attributes represents a differentiated value proposition vis-à-vis our competitors who have a limited product and service offering.

Broad and Deep Customer Relationships and Recurring Revenue Business Model

We have built a strong and long-standing portfolio of top tier financial institution, merchant, corporate and government customers across Latin America and the Caribbean, which provide us with a reliable, recurring revenue base and powerful references that have helped us expand into new channels and geographic markets. Customers representing approximately 99% of our 2011 revenue continued to be customers in 2012, due to the mission-critical and embedded nature of the services provided and the high switching costs associated with these services. Our Payment Processing and Merchant Acquiring segments, as well as certain business lines representing the majority of our Business Solutions segment, generate recurring revenues that collectively accounted for approximately 87% of our total revenues in 2012. We receive recurring revenues from services based on our customers on-going daily commercial activity such as processing loans, hosting accounts and information on our servers, and processing everyday payments at grocery stores, gas stations and similar establishments. We generally provide these services under one to five year contracts, often with automatic renewals. We also provide a few project-based services that generate non-recurring revenues in our Business Solutions segment such as IT consulting for a specific project or integration. Additionally, we entered into a 15-year Master Services Agreement with Popular on September 30, 2010. We provide a number of critical payment processing and business solutions

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products and services to Popular and benefit from the bank s distribution network and continued support. Through our long-standing and diverse customer relationships, we are able to gain valuable insight into trends in the marketplace that allows us to identify new market opportunities. In addition, we believe the recurring nature of our business model provides us with significant revenue and earnings stability.

Highly Scalable, End-to-End Technology Platform

Our diversified business model is supported by our highly scalable, end-to-end technology platform which allows us to provide a full range of transaction processing services and develop and deploy a broad suite of technology solutions to our customers at low incremental costs and increasing operating efficiencies. We have spent over $130 million over the last five years on technology investments to continue to build the capacity and functionality of our platform and we have been able to achieve attractive economies of scale with flexible product development capabilities. We have a proven ability to seamlessly leverage our existing platforms to develop new products and services and expand in new markets. We believe that our platform will increasingly allow us to provide differentiated services to our customers and facilitate further expansion into new sales channels and geographic markets.

Experienced Management Team with a Strong Track Record of Execution

We have grown our revenue organically by introducing new products and services and expanding our geographic footprint throughout Latin America. We have a proven track record of creating value from operational and technology improvements and capitalizing on cross-selling opportunities. We have combined new leadership at EVERTEC, bringing many years of industry experience, with long-standing leadership at the operating business level. In 2012, Peter Harrington, former President of Latin America and Canada for First Data Corporation, joined our management team as our President and Chief Executive Officer. Also, in 2012, Philip Steurer, former Senior Vice President of Latin America for First Data Corporation, joined our management team as our Chief Operating Officer. Mr. Harrington and Mr. Steurer both have extensive experience managing and growing transaction processing businesses in Latin America as well as North America, Asia and Europe. In addition, we successfully executed our separation from Popular, transitioning EVERTEC from a division of a larger company to a stand-alone entity with public company best practices. Instrumental to this transition was our Chief Financial Officer Juan J. Román, former CFO of Triple-S Management, a publicly listed insurance company. Collectively our management team benefits from an average of over 20 years of industry experience and we believe they are well positioned to continue to drive growth across business lines and regions.

Our Growth Strategy

We intend to grow our business by continuing to execute on the following business strategies:

Continue Cross-Sales to Existing Customers

We seek to grow revenue by continuing to sell additional products and services to our existing merchant, financial institution, corporate and government customers. We intend to broaden and deepen our customer relationships by leveraging our full suite of end-to-end technology solutions. For example, we believe that there is significant opportunity to cross-sell our network services, ATM point-of-sale processing and card issuer processing services to our over 180 existing financial institution customers, particularly in markets outside of Puerto Rico. We will also seek to continue to cross-sell value added services into our existing merchant base of over 25,000 locations.

Leverage Our Franchise to Attract New Customers in the Markets We Currently Serve

We intend to attract new customers by leveraging our comprehensive product and services offering, the strength of our brand and our leading end-to-end technology platform. Furthermore, we believe we are uniquely positioned to develop new products and services to take advantage of our access to and position in markets we currently serve. For example, in markets we serve outside of Puerto Rico, we believe there is a significant opportunity to penetrate small to medium financial institutions with our products and services, as well as to penetrate governments with offerings such as EBT.

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Expand in the Latin American Region

We believe there is substantial opportunity to expand our businesses in the Latin American region. We believe that we have a competitive advantage relative to U.S. competitors based on our ability to locally leverage our infrastructure, breadth of products and services as well as our first-hand knowledge of Latin American markets, language and culture. Significant growth opportunities exist in a number of large markets such as Colombia, México, Chile and Argentina. We also believe that there is an opportunity to provide our services to existing financial institution customers in other regions where they operate. Additionally, we continually evaluate our strategic plans for geographic expansion, which can be achieved through joint ventures, partnerships, alliances or strategic acquisitions.

Develop New Products and Services

Our experience with our customers provides us with insight into their needs and enables us to continuously develop new transaction processing services. We plan to continue growing our merchant, financial institution, corporate and government customer base by developing and offering additional value-added products and services to cross-sell along with our core offerings. We intend to continue to focus on these and other new product opportunities in order to take advantage of our leadership position in the transaction processing industry in the Latin American and Caribbean region.

Our Business

We offer our customers end-to-end products and solutions across the transaction processing value chain from a single source across numerous channels and geographic markets, as further described below.

Merchant Acquiring

According to the July 2012 Nilson Report, we are the largest merchant acquirer in the Caribbean and Central America and the sixth largest in Latin America based on total number of transactions. Our Merchant Acquiring business provides services to merchants at over 25,000 locations that allow them to accept electronic methods of payment such as debit, credit, prepaid and EBT cards carrying the ATH, Visa, MasterCard, Discover and American Express brands. Our full suite of merchant acquiring services includes, but is not limited to, the underwriting of each merchant s contract, the deployment of POS devices and other equipment necessary to capture merchant transactions, the processing of transactions at the point-of-sale, the settlement of funds with the participating financial institution, detailed sales reports and customer support. In 2012, our Merchant Acquiring business processed over 280 million transactions.

Our Merchant Acquiring business generated $69.6 million, or 20.4%, of total revenues and $33.8 million, or 26.6%, of total segment income from operations for the year ended December 31, 2012.

Payment Processing

We are the largest card processor and network services provider in the Caribbean. We provide an innovative and diversified suite of payment processing services to blue chip regional and global corporate customers, government agencies, and financial institutions across Latin American and the Caribbean. These services provide the infrastructure technology necessary to facilitate the processing and routing of payments across the transaction processing value chain.

At the point-of-sale, we sell transaction processing technology solutions, similar to the services in our Merchant Acquiring business, to other merchant acquirers to enable them to service their own merchant customers. We also offer terminal driving solutions to merchants, merchant acquirers (including our Merchant Acquiring business) and financial institutions, which provide the technology to securely operate, manage and monitor POS terminals and ATMs. We also rent POS devices to financial institution customers who seek to deploy them across their own businesses. We currently provide technology services for over 4,100 ATMs and over 104,000 POS terminals in the region and are continuously certifying new machines and devices to expand this reach.

To connect the POS terminals to card issuers, we own and operate the ATH network, one of the leading ATM and PIN debit networks in Latin America. The ATH network connects the merchant or merchant acquirer to the card issuer and enables transactions to be routed or switched across the transaction processing value chain. The ATH network offers the technology, communications standards, rules and procedures, security and encryption, funds settlement and common branding that allow consumers, merchants, merchant acquirers, ATMs, card issuer processors and card issuers to conduct commerce seamlessly, across a variety of channels, similar to the services provided by Visa and MasterCard. The ATH network and processing businesses processed over one billion transactions in 2012. Over 70% of all ATM transactions and over 80% of all debit transactions in Puerto Rico are processed through the ATH network.

To enable financial institutions, governments and other businesses to issue and operate a range of payment products and services, we offer an array of card processing and other payment technology services, such as internet and mobile banking software services, bill payment systems and EBT solutions. Financial institutions and certain retailers outsource to us certain card processing services such as card issuance, processing card applications, cardholder account maintenance, transaction authorization and posting, fraud and risk management services, and settlement. Our payment products include electronic check processing, automated clearing house (ACH), lockbox, online, interactive voice response and web-based payments through personalized websites, among others.

We have been the only provider of EBT services to the Puerto Rican government since 1998, processing approximately $2.5 billion in volume annually. Our EBT application allows certain agencies to deliver government benefits to participants through a magnetic card system and serves over 840,000 active participants.

Our Payment Processing business accounted for $94.8 million, or 27.7%, of total revenues and $53.7 million, or 42.1%, of total segment income from operations for the year ended December 31, 2012.

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Business Solutions

We provide our financial institution, corporate and government customers with a full suite of business process management solutions including specifically core bank processing, network hosting and management, IT consulting services, business process outsourcing, item and cash processing, and fulfillment. In addition, we believe we are the only non-bank provider of cash processing services to the U.S. Federal Reserve in the Caribbean.

Our Business Solutions business accounted for $177.3 million, or 51.9%, of total revenues and $39.8 million, or 31.3%, of total segment income from operations for the year ended December 31, 2012.

Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy also is subject to certain risks. The risks described under the heading Risk Factors immediately following this summary may cause us not to realize the full benefits of our competitive strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks we face include the following:

- our high level of indebtedness;
- our reliance on our relationship with Popular;
- the continuing market position of the ATH network despite competition and potential shifts in consumer payment preferences;
- the geographical concentration of our business in Puerto Rico;
- operating an international business in multiple regions with potential political and economic instability, including Latin America;
- our dependence on our processing systems, technology infrastructure, security systems and fraudulent payment detection systems and our ability to develop, install and adopt new software, technology and computing systems;
- the impacts of being subject to regulatory oversight and examination, including the possibility of being restricted from engaging in certain new activities or businesses, whether organically or by acquisition;
- our ability to execute our geographic expansion and corporate development strategies;
- we will be a controlled company after this offering and Apollo and Popular will continue to control all matters affecting us; and
- evolving industry standards, changes in the regulatory environment and adverse changes in global economic, political and other conditions.

Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the heading Risk Factors.

EVERTEC, Inc. (formerly Carib Latam Holdings, Inc.) is a Puerto Rico corporation organized in April 2012. EVERTEC s main operating subsidiary, EVERTEC Group, LLC (formerly EVERTEC, LLC and EVERTEC, Inc.) was organized in 1988 and was formerly a wholly-owned subsidiary of Popular. On September 30, 2010, pursuant to an Agreement and Plan of Merger (as amended, the Merger Agreement), EVERTEC, LLC became a wholly-owned subsidiary of EVERTEC Intermediate Holdings, LLC (formerly Carib Holdings, LLC and Carib Holdings, Inc.), with Apollo owning approximately 51% and Popular owning approximately 49% of the then outstanding voting capital stock of Holdings (the Merger). See Certain Relationships and Related Party Transactions for additional information regarding the Merger Agreement.

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On April 13, 2012, EVERTEC, Inc. was formed in order to act as the new parent company of Holdings and its subsidiaries, including EVERTEC, LLC, and shortly thereafter Holdings and EVERTEC, LLC were converted from Puerto Rico corporations to Puerto Rico limited liability companies for the purpose of improving the consolidated tax efficiency of our company. See Certain Relationships and Related Party Transactions Related Party Transactions After the Closing of the Merger Reorganization. Prior to such Reorganization, EVERTEC, LLC was a corporation known as EVERTEC, Inc. and Holdings was a corporation known as Carib Holdings, Inc.

Our principal executive offices are located at Cupey Center Building, Road 176, Kilometer 1.3, San Juan, Puerto Rico 00926 and our telephone number is (787) 759-9999. Our website is www.evertecinc.com. We make our website content available for information purposes only. We do not incorporate the information on our website into this prospectus, and you should not consider it part of this prospectus. You should not rely upon the information on our website for investment purposes.

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Ownership and Corporate Structure

The following chart summarizes our corporate organization as of December 31, 2012 after giving effect to this offering (assuming no exercise of the underwriters option to purchase up to additional shares of common stock from the selling stockholders).

Principal Stockholders

Apollo: AP Carib Holdings, Ltd. (Apollo), an investment vehicle indirectly managed by Apollo Management VII, L.P. (Apollo Management), an affiliate of Apollo Global Management, LLC (together with its subsidiaries, including Apollo Management, AGM), acquired an approximately 51% indirect ownership interest in EVERTEC, LLC as part of the Merger, and after the consummation of this offering, will own approximately % of our common stock (or % if the underwriters exercise their option to purchase additional shares in full). AGM is a leading global alternative investment manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of December 31, 2012, AGM and its subsidiaries had assets under management of approximately $113 billion invested in its private equity, credit and real estate businesses.

Popular: Popular retained an approximately 49% indirect ownership interest in EVERTEC, LLC as part of the Merger and after the consummation of this offering, will own approximately % of our common stock (or % if the underwriters exercise their option to purchase additional shares in full). Popular, Inc. (NASDAQ: BPOP), whose principal banking subsidiary s history dates back to 1893, is the No. 1 bank holding company by both assets and deposits based in Puerto Rico, and, as of December 31, 2012, ranks 44th by assets among U.S. bank holding companies. In the United States, Popular has established a community-banking franchise providing a broad range of financial services and products with branches in New York, New Jersey, Illinois, Florida and California. In 2010, Popular raised $1.15 billion in proceeds from a public equity offering, and successfully completed an FDIC-assisted acquisition of Westernbank Puerto Rico.

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In connection with the Merger, we entered into several agreements with Apollo and Popular, including a Stockholder Agreement with Apollo, Popular and our other stockholders (as amended, the Stockholder Agreement) and a 15-year Master Services Agreement with Popular. Under the Stockholder Agreement, Apollo and Popular were granted significant control over matters requiring board or stockholder approval, including the election of directors, amendment of our organizational documents and certain corporate transactions such as issuances of equity, acquisition or disposition of significant assets, incurring debt for borrowed money, and entering into significant contracts and related party transactions. In accordance with the Stockholder Agreement, our Board is currently comprised of five directors nominated by Apollo, three directors nominated by Popular and one management director. Subject to certain exceptions and adjustments and applicable law, each of Apollo and Popular will have these director nomination rights so long as it owns, together with its affiliates, at least 25% of our outstanding voting common stock. Each of Apollo and Popular has agreed to vote all of the shares of our voting common stock owned by it and its affiliates, and to take all other actions within its control, to cause the election of directors nominated in accordance with the Stockholder Agreement. Similarly, we have agreed to take all actions within our control necessary and desirable to cause the election of directors nominated in accordance with the Stockholder Agreement. Immediately after this offering, Apollo and Popular will own % and %, respectively (or % and %, respectively, if the underwriters option to purchase up to additional shares of common stock from the selling stockholders is exercised in full), of our outstanding common stock and as a result will continue to have the power to nominate and control the election of directors at our annual meetings. The Stockholder Agreement also grants certain demand and piggyback registration rights to Apollo, Popular and the other parties thereto. Under the Stockholder Agreement, we agreed not to engage in any business (including commencing operations in any country in which we do not currently operate), subject to certain exceptions, if such activity would reasonably require Popular or an affiliate of Popular to seek regulatory approval from, or provide notice to, any bank regulatory authority. Under the Master Services Agreement, we provide a number of critical payment processing and business solutions products and services to Popular, who agreed to continue to utilize our services on an exclusive basis on commercial terms consistent with the terms of our historical relationship. For more information on the Stockholder Agreement, Master Services Agreement and other agreements, with Apollo and Popular, see Certain Relationships and Related Party Transactions.

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The Offering

Issuer	EVERTEC, Inc.
Common stock offered by us	shares
Common stock offered by selling stockholders	shares
Common stock to be outstanding immediately after the offering	shares
Underwriters option to purchase additional shares of common stock in this offering	The selling stockholders have granted to the underwriters a 30-day option to purchase up to additional shares, respectively, at the initial public offering price less underwriting discounts.
Common stock voting rights	Each share of our common stock will entitle its holder to one vote.
Dividend policy	We currently intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. The decision whether to pay dividends will be made by our board of directors (our Board) in light of conditions then existing, including factors such as our financial condition, earnings, available cash, business opportunities, legal requirements, restrictions in our debt agreements and other contracts, and other factors our Board deems relevant. See Dividend Policy.
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million after deducting the estimated underwriting discounts and other expenses of $ million payable by us, assuming the shares are offered at $ per share, which represents the midpoint of the range set forth on the front cover of this prospectus. We intend to use the net cash proceeds for general corporate purposes. We will not receive any proceeds from the sale of our common stock by the selling stockholders. See Use of Proceeds.
Listing	Our shares of common stock have been approved for listing on the NYSE under the trading symbol EVTC.
Risk factors	You should carefully read and consider the information set forth under Risk Factors beginning on page 20 of this prospectus and all other information set forth in this prospectus before deciding to invest in our common stock.

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Conflicts of interest	Each of Apollo Global Securities, LLC, an affiliate of Apollo, and Popular Securities, Inc., an affiliate of Popular, will be an underwriter of this offering. Since each of Apollo and Popular owns more than 10% of our outstanding common stock, a conflict of interest would be deemed to exist under Rule 5121(f)(5)(B) of the Conduct Rules of the Financial Industry Regulatory Authority, or FINRA. In addition, because Apollo and Popular as selling stockholders will receive more than 5% of the proceeds of this offering, a conflict of interest would be deemed to exist under Rule 5121(f)(5)(C)(ii) of the Conduct Rules of FINRA. Accordingly, we intend that this offering will be made in compliance with the applicable provisions of Rule 5121. Since neither Apollo Global Securities, LLC nor Popular Securities, Inc. is primarily responsible for managing this offering, pursuant to FINRA Rule 5121(a)(1)(A), the appointment of a qualified independent underwriter is not necessary. As such, neither Apollo Global Securities, LLC nor Popular Securities, Inc. will confirm sales to accounts in which it exercises discretionary authority without the prior written consent of the customer. See Underwriting (Conflicts of Interest) and Use of Proceeds.
Directed Share Program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to some of our employees, officers and directors and certain other persons who are otherwise associated with us. If these persons purchase reserved shares, it will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. Reserved shares purchased by our officers and directors will be subject to the lock-up provisions described in Underwriting (Conflicts of Interest) Lock-Up Agreements.

Except as otherwise indicated, all of the information in this prospectus assumes or reflects:

- the for one stock split described below has been completed;
- no exercise of the underwriters option to purchase up to additional shares of common stock from the selling stockholders;
- an initial offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus;
- the conversion of all outstanding shares of our Class B Non-Voting Common Stock into shares of our voting common stock on a one-for-one basis; and
- our amended and restated certificate of incorporation and amended and restated bylaws are in effect, pursuant to which the provisions described under Description of Capital Stock will become operative.

Prior to the effectiveness of the registration statement filed with the SEC in connection with this offering and of which this prospectus is a part, we will increase our authorized shares of common stock and effect a stock split, whereby (1) each of the holders of our Class A Common Stock will receive shares of our Class A Common Stock for each share of our Class A Common Stock it holds immediately prior to such stock split and (2) each of the holders of our Class B Non-Voting Common Stock will receive shares of our Class B Non-Voting Common Stock for each share of Class B Non-Voting Common Stock it holds immediately prior to such stock split. Immediately prior to the effectiveness of the above-referenced registration statement, all of our outstanding Class B Non-Voting Common Stock will be converted into shares of our Class A Common Stock on a one-for-one basis. Further, upon the effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the completion of this offering, we will redesignate our Class A Common Stock as common stock and, thereafter, we will only have one class of common stock.

The number of shares of common stock to be outstanding after completion of this offering is based on shares of our common stock to be sold by us and the selling stockholders in this offering and, except where we state otherwise, the information with respect to our common stock we present in this prospectus, including as set forth above:

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- does not give effect to shares of our common stock issuable upon the exercise of outstanding options as of , 2013, at a weighted-average exercise price of $ per share; and

- does not give effect to shares of common stock reserved for future issuance under the Equity Incentive Plans (as defined in Management Executive Compensation).

You should refer to the section entitled Risk Factors for an explanation of certain risks of investing in our common stock.

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Summary Historical Consolidated and Combined Financial Data

We have presented in this prospectus selected historical combined financial data of EVERTEC Business Group (Predecessor) and selected historical consolidated financial data of EVERTEC and Holdings (Successor) during the periods presented. We have also presented in this prospectus the audited consolidated financial statements of EVERTEC as of and for the years ended December 31, 2012 and 2011, which have been prepared, in each case, in accordance with GAAP.

The summary consolidated financial data as of and for the year ended December 31, 2011 and 2012 have been derived from the audited consolidated financial statements of EVERTEC and related notes appearing elsewhere in this prospectus. The summary historical consolidated financial data as of December 31, 2010 and for the three months ended December 31, 2010 have been derived from the audited consolidated financial statements of Holdings not included in this prospectus. Also, the summary historical combined financial data for the nine months ended September 30, 2010 have been derived from the audited combined financial statements of EVERTEC Business Group (Predecessor) not included in this prospectus. The summary historical combined financial data for the year ended December 31, 2009 has been derived from the unaudited combined financial statements of EVERTEC Business Group (Predecessor) not included in this prospectus.

The results of operations for any period are not necessarily indicative of the results to be expected for any future period and the historical consolidated and combined financial data presented below and elsewhere in this prospectus does not necessarily reflect what our financial position, results of operations and cash flows would have been had we operated as a separate stand-alone entity during the Predecessor period. The summary historical consolidated and combined financial data set forth below should be read in conjunction with, and are qualified by reference to, Capitalization, Selected Historical Consolidated and Combined Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

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SUMMARY HISTORICAL CONSOLIDATED AND COMBINED FINANCIAL DATA

(Dollar amounts in thousands)	Predecessor: Year ended December 31, 2009	Predecessor: Nine months ended September 30, 2010	Successor: Three months ended December 31, 2010 (1)	Successor: Year ended December 31, 2011	Successor: Year ended December 31, 2012
Statement of Income Data:					
Revenues:					
Merchant acquiring, net	$ 48,744	$ 39,761	$ 14,789	$ 61,997	$ 69,591
Payment processing	74,728	56,777	21,034	85,691	94,801
Business solutions	152,827	118,482	46,586	173,434	177,292
Total revenues	276,299	215,020	82,409	321,122	341,684
Operating costs and expenses					
Cost of revenues, exclusive of depreciation and amortization shown below	150,070	113,246	41,839	155,377	158,860
Selling, general and administrative expenses	25,639	27,000	8,392	33,339	31,686
Depreciation and amortization	24,500	19,425	17,722	69,891	71,492
Total operating costs and expenses	200,209	159,671	67,953	258,607	262,038
Income from operations	76,090	55,349	14,456	62,515	79,646
Non-operating income (expenses)					
Interest income	1,048	360	118	797	320
Interest expense	(91)	(70)	(13,436)	(50,957)	(54,331)
Earnings of equity method investments	3,508	2,270		833	564
Other (expenses) income:					
Voluntary Retirement Program (VRP) expense				(14,529)	
Merger and advisory-related costs			(34,848)		
Other income (expenses)	7,942	2,276	(1,316)	(3,672)	(8,491)
Total other income (expense)	7,942	2,276	(36,164)	(18,201)	(8,491)
Total non-operating income (expenses)	12,407	4,836	(49,482)	(67,528)	(61,938)
Income (loss) before income taxes	88,497	60,185	(35,026)	(5,013)	17,708
Income tax expense (benefit)	30,659	23,017	(14,450)	(29,227)	(59,658)
Net income (loss) from continuing operations	57,838	37,168	(20,576)	24,214	77,366
Net income from discontinued operations	1,813	117			
Net income (loss)	$ 59,651	$ 37,285	$ (20,576)	$ 24,214	$ 77,366
Other Financial Data:					
EBITDA(2)	$ 112,040	$ 79,320	$ (3,986)	$ 115,038	$ 143,211
Adjusted EBITDA(2)	117,575	92,290	36,508	149,118	169,586
Adjusted Net Income(2)	58,223	49,420	14,702	71,625	84,443
Cash interest expense(3)	91	70	12,861	43,394	49,643
Capital expenditures	22,701	30,468	10,541	21,858	27,262
	65,464	63,701	(16,752)	69,371	82,664

Net cash provided by (used in) operating activities from continuing operations					
Net cash provided (used in) by investing activities from continuing operations	(2,692)	16,153	(496,598)	(31,747)	(27,042)
Net cash (used in) provided by financing activities from continuing operations	(77,710)	(65,796)	539,990	(36,623)	(86,188)
Balance Sheet Data (at period end):					
Cash[4]	$ 11,891	$	$ 55,199	$ 56,200	$ 25,634
Working capital[5]	82,272		62,226	87,267	33,078
Total assets	243,445		1,092,179	1,046,860	977,745
Total long-term liabilities	481		673,736	615,713	758,395
Total debt	1,413		562,173	523,833	763,756
Total net debt [6]			506,974	467,633	738,122
Total equity	211,475		339,613	366,176	122,455

(1) We define the "three months ended December 31, 2010" as the financial results of Holdings for the period from its inception on June 25, 2010 to December 31, 2010, consisting primarily of merger and advisory-related costs incurred prior to the Merger on September 30, 2010, and following the Merger consisting primarily of EVERTEC, LLC results of operations.

(2) EBITDA, Adjusted EBITDA and Adjusted Net Income are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. They are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities, as indicators of cash flows or as measures of our liquidity.

We define "EBITDA" as earnings before interest, taxes, depreciation and amortization. We define "Adjusted EBITDA" as EBITDA as further adjusted to exclude unusual items and other adjustments described below. We define "Adjusted Net Income" as net income as adjusted to exclude unusual items and other adjustments described below.

We caution investors that amounts presented in accordance with our definitions of EBITDA, Adjusted EBITDA and Adjusted Net Income may not be comparable to similar measures disclosed by other issuers, because not all issuers and analysts calculate EBITDA, Adjusted EBITDA and Adjusted Net Income in the same manner. We present EBITDA and Adjusted EBITDA because we consider them important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, our presentation of Adjusted EBITDA for the periods presented is consistent with the equivalent measurements that are contained in the senior secured credit facilities and the indenture governing the notes in testing EVERTEC, LLC's compliance with the covenants therein such as interest coverage and debt incurrence. We use Adjusted Net Income to measure our overall profitability because it better reflects our cash flow generation by capturing the actual cash taxes paid rather than our tax expense as calculated under GAAP and excludes the impact of the non-cash amortization and depreciation that was created as a result of the Merger. In addition, in evaluating EBITDA, Adjusted EBITDA and Adjusted Net Income, you should be aware that in the future we may incur expenses such as those excluded in calculating them. Further, our presentation of these measures should not be construed as an inference that our future operating results will not be affected by unusual or nonrecurring items.

Some of the limitations of EBITDA, Adjusted EBITDA and Adjusted Net Income are as follows:

- they do not reflect cash outlays for capital expenditures or future contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements;
- in the case of EBITDA and Adjusted EBITDA, they do not reflect interest expense, or the cash requirements necessary to service interest, or principal payments, on indebtedness;
- in the case of EBITDA and Adjusted EBITDA, they do not reflect income tax expense or the cash necessary to pay income taxes; and
- other companies, including other companies in our industry, may not use EBITDA, Adjusted EBITDA and Adjusted Net Income or may calculate EBITDA, Adjusted EBITDA and Adjusted Net Income differently than as presented in this prospectus, limiting their usefulness as a comparative measure.

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A reconciliation of net income to EBITDA, Adjusted EBITDA and Adjusted Net Income is provided below:

(Dollar amounts in thousands)	Predecessor Year ended December 31, 2009	Predecessor Nine months ended September 30, 2010	Successor Three months ended December 31, 2010	Successor Year ended December 31, 2011	Successor Year ended December 31, 2012
Net income (loss)	$ 57,838	$ 37,168	$ (20,576)	$ 24,214	$ 77,366
Income tax expense (benefit)	30,659	23,017	(14,450)	(29,227)	(59,658)
Interest (income) expense	(957)	(290)	13,318	50,160	54,011
Depreciation and amortization	24,500	19,425	17,722	69,891	71,492
EBITDA	112,040	79,320	(3,986)	115,038	143,211
Stand-alone cost savings and software maintenance reimbursement[(a)]	6,411	4,930	36	2,570	2,429
Disposals[(b)]	(9,440)	(3,916)	60		
Equity income[(c)]	47	(852)	1,514	635	1,057
Compensation and benefits[(d)]	(629)	6,976	(408)	15,970	3,795
Pro forma cost reduction adjustments[(e)]					2,150
Pro forma VRP benefits[(f)]			1,584	4,751	
Transaction, refinancing and other non-recurring fees[(g)]	1,246	565	37,113	8,015	15,246
Management fees[(h)]				2,532	2,982
Westernbank EBITDA[(i)]	7,900	5,267			
Purchase accounting[(j)]			595	(393)	(1,284)
Adjusted EBITDA	117,575	92,290	36,508	149,118	169,586
Pro forma EBITDA adjustments[(k)]	(14,221)	(8,727)	(1,425)	(4,755)	(2,150)
Operating depreciation and amortization[(l)]	(23,690)	(18,881)	(7,401)	(28,935)	(31,287)
Cash interest income (expense)[(m)]	957	290	(12,533)	(42,165)	(48,921)
Cash income taxes[(n)]	(22,398)	(15,552)	(448)	(1,638)	(2,785)
Adjusted Net Income	$ 58,223	$ 49,420	$ 14,701	$ 71,625	$ 84,443

(a) For the years ended December 31, 2011 and 2012, primarily represents reimbursements received for certain software maintenance expenses as part of the Merger. For the year ended December 31, 2009 and the 2010 periods, primarily represents stand-alone net savings for costs historically allocated to EVERTEC by Popular which did not continue post closing of the merger. The allocations were primarily based on a percentage of revenues or costs (and not based on actual costs incurred) and related to corporate functions such as accounting, tax, treasury, payroll and benefits, risk management, institutional marketing, legal, public relations and compliance. The allocations amounted to $9.8 million and $7.5 million for the year ended December 31, 2009 and the nine months ended September 30, 2010, respectively, which were partially offset by estimated annual stand-alone costs of $3.4 million and $2.6 million for the same respective periods.

(b) Relates to adjustments on the disposal of investments and businesses as follows: (i) removal of the gain resulting from the sale of Visa stock, (ii) removal of the EBITDA of the Health Care Division which was sold to Inmediata Health Group, Corp. a medical transaction processing company, in April 2008 (in exchange for an equity interest in Inmediata Health Group, Corp.) and gain realized on this transaction, (iii) removal of the gain realized on the sale of our equity interest in Inmediata Health Group, Corp., in April 2010 and related equity income, (iv) removal of the allocations previously charged to our discontinued Venezuela operations and (v) the write-off of certain investment securities during the three months ended December 31, 2010.

(c) Represents the elimination of historical non-cash equity in earnings of investments reported in net income from our 53.97% equity ownership in CONTADO and 31.11% equity ownership in Serfinsa prior to September 30, 2010 and 19.99% equity ownership of CONTADO after March 31, 2011, net of cash dividends received from CONTADO. Cash dividends from CONTADO were $1.9

million and $1.5 million for the year ended December 31, 2009 and nine months ended September 30, 2010. Cash dividends from CONTADO for the years ended December 31, 2011 and 2012 were $1.5 million and $1.6 million, respectively.

See Certain Relationships and Related Party Transactions Related Party Transactions After the Closing of the Merger CONTADO and Serfinsa.

(d) For the year ended December 31, 2012 mainly represents a one-time payment of $2.2 million as a result of the former CEO s employment modification agreement and other adjustments related to non-cash equity based compensation. For the year ended December 31, 2011 mainly represents one-time costs related to the VRP and other adjustments related to non-cash equity based compensation. For the 2010 periods primarily represents non-recurring bonuses and the payroll tax impact of awards given to certain of our employees in connection with the Merger, partially offset by estimated costs for the anticipated reinstatement of EVERTEC s matching contribution plan that was suspended in March 2009 and reinstated in March 2011.

(e) Reflects the pro forma effect of the expected net savings primarily in compensation and benefits from the reduction of certain temporary employees and, and professional services. This pro forma amount was calculated using the net amount of actual expenses for temporary employees and professional services for the 12 month period prior to their replacement and/or elimination net of the incremental cost of the new full-time employees that were hired.

(f) For the year ended December 31, 2011 and the three months ended December 31, 2010, adjustment represents the pro forma net savings in compensation and benefits related to the employees that participated in the VRP. The pro forma impact was calculated using the actual payroll, benefit and bonus payments of employees participating in the VRP for the 12 month period prior to their termination.

(g) Represents primarily: (i) the transaction costs, such as due diligence costs, legal and other advisors fees incurred in connection with the Merger of approximately $34.8 million for the three months ended December 31, 2010; (ii) costs associated with the issuance and refinancing of EVERTEC s debt of approximately $2.4 million and $8.8 million for the years ended December 31, 2011 and 2012, respectively; (iii) costs associated with certain non-recurring corporate transactions, including, for example, costs related to EVERTEC Group s conversion to an LLC and the distributions made to our stockholders during 2012 of $4.0 million and $3.9 million for the years ended December 31, 2011 and 2012, respectively; and (iv) a non-recurring, non-cash asset write-off of $1.6 million in the year ended December 31, 2012 and other non-recurring expenses of $1.6 million in the year ended December 31, 2011.

(h) Represents the management fee payable to our equity sponsors which commenced in January 2011. See Certain Relationships and Related Party Transactions Related Party Transactions in Connection with the Closing of the Merger Consulting Agreements.

(i) Represents an estimated adjustment for additional EBITDA related to the Westernbank business. Banco Popular de Puerto Rico (Banco Popular) acquired Westernbank s Puerto Rico operations on April 30, 2010, and we did not realize the impact of these additional volumes and associated revenues until the third quarter of 2010. The estimate was arrived at using the pricing schedule in the Master Services Agreement as well as management s estimated related costs of the contribution of additional business volume. The estimate of Westernbank EBITDA was added to previous periods for comparative purposes, and reflects the estimated, rather than observed, impact. See Principal Stockholders and Key Relationship with Popular.

(j) Represents the elimination of the effects of purchase accounting impacts associated with (i) certain customer service and software related arrangements where we receive reimbursements from Popular; and (ii) EVERTEC s rights and obligations to buy equity interests in CONTADO and Serfinsa.

(k) Represents the elimination of EBITDA adjustments to reflect the pro forma benefit related to headcount reductions in 2010, post merger stand-alone cost savings and the VRP described in notes (a), (d) and (e) above.

(l) Represents operating depreciation and amortization expense which excludes amounts generated as a result of the Merger.

(m) Represents interest expense adjusted to exclude non-cash amortization of the debt issue cost, premium and accretion of discount.

(n) Represents cash taxes paid for each period presented.

(3) Represents cash interest expense accrued during each period related to our indebtedness (excluding amortization of discount, premiums and debt issuance costs).

(4) Excludes restricted cash of $3.7 million, $6.1 million, $5.3 million and $4.9 million as of December 31, 2009, 2010, 2011 and 2012, respectively.

(5) Working capital is defined as the excess of current assets over current liabilities.

(6) Total net debt is defined as total debt (including short-term borrowings) less cash.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as other information contained in this prospectus, before investing in our common stock. If any of the following risks actually occur, our business, financial condition, operating results or cash flow could be materially and adversely affected. Additional risks and uncertainties not presently known to us or not believed by us to be material may also negatively impact us.

Risks Related to Our Business

We expect to continue to derive a significant portion of our revenue from Popular.

Our services to Popular account for a significant portion of our revenues, and we expect that our services to Popular will continue to represent a significant portion of our revenues for the foreseeable future. In 2012, products and services billed through Popular accounted for approximately 44% of our total revenues, of which approximately 83% (or approximately 37% of total revenues) are derived from core bank processing and related services for Popular and approximately 17% (or approximately 7% of total revenues) are transaction processing activities driven by third parties. If Popular were to terminate, or fail to perform under, the Master Services Agreement or our other material agreements with Popular, our revenues could be significantly reduced. See Certain Relationships and Related Party Transactions.

In 2012, our next largest customer, the Government of Puerto Rico represented approximately 9% of our total revenues. Our revenues from the Government of Puerto Rico span numerous individual agencies and public corporations.

We depend, in part, on our merchant relationships and our alliance with Banco Popular, a wholly-owned subsidiary of Popular, to grow our Merchant Acquiring business. If we are unable to maintain these relationships and this alliance, our business may be adversely affected.

Growth in our Merchant Acquiring business is derived primarily from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment, and the strength of our relationship with Banco Popular. A substantial portion of our business is generated from our ISO Agreement with Banco Popular. See Certain Relationships and Related Party Transactions Related Party Transactions in Connection with the Closing of the Merger Independent Sales Organization Sponsorship and Service Agreement. Banco Popular acts as a merchant referral source and provides sponsorship into the ATH, Visa, Discover and MasterCard networks for merchants, as well as card association sponsorship, clearing and settlement services. We provide transaction processing and related functions. Both alliance partners may provide management, sales, marketing, and other administrative services. We rely on the continuing growth of our merchant relationships, our alliance with Banco Popular and other distribution channels. There can be no guarantee that this growth will continue and the loss or deterioration of these relationships could negatively impact our business and result in a reduction of our revenue and profit.

If we are unable to renew client contracts at favorable terms, we could lose clients and our results of operations and financial condition may be adversely affected.

Failure to achieve favorable renewals of client contracts could negatively impact our business. Our contracts with private clients generally run for a period of one to five years, except for the Master Services Agreement with Popular, which has a term of 15 years, and provide for termination fees upon early termination. Our government contracts generally run for one year without automatic renewal periods due to requirements of the government procurement rules. Our standard merchant contract has an initial term of one or three years, with automatic one-year renewal periods. At the end of the contract term, clients have the opportunity to renegotiate their contracts with us and to consider whether to engage one of our competitors to provide products and services. If we are not successful in achieving high renewal rates and contract terms that are favorable to us, our results of operations and financial condition may be adversely affected.

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We rely on our systems, employees and certain counterparties, and certain failures could materially adversely affect our operations.

Our businesses are dependent on our ability to process, record and monitor a large number of transactions. If any of our financial, accounting, or other data processing systems or applications fail or have other significant shortcomings or limitations, we could be materially adversely affected. We are similarly dependent on our employees. We could be materially adversely affected if one of our employees causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. Third parties with which we do business could also be sources of operational risk to us, including relating to breakdowns or failures of such parties own systems or employees. Any of these occurrences could diminish our ability to operate one or more of our businesses, or result in potential liability to clients, reputational damage and regulatory intervention, any of which could materially adversely affect us.

We may be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control, which may include, for example, computer viruses or electrical or telecommunications outages, natural disasters, disease pandemics or other unanticipated damage to property or physical assets. Such disruptions may give rise to losses in service to customers and loss or liability to us. In addition, there is the risk that our controls and procedures as well as business continuity and data security systems prove to be inadequate. Any such failure could affect our operations and could materially adversely affect our results of operations by requiring us to expend significant resources to correct the defect, as well as by exposing us to litigation, regulatory fines or penalties or losses not covered by insurance.

Our risk management procedures may not be fully effective in identifying or helping us mitigate our risk exposure against all types of risks.

We operate in a rapidly changing industry, and we have experienced significant change in the past three years, including our separation from Popular following the Merger and this offering. Accordingly, we may not be fully effective in identifying, monitoring and managing our risks. In some cases, the information we use to perform our risk assessments may not be accurate, complete or up-to-date. In other cases, our risk assessments may depend upon information that we may not have or cannot obtain. If we are not fully effective or we are not always successful in identifying all risks to which we are or may be exposed, we could be subject to losses, penalties, litigation or regulatory actions that could harm our reputation or have a material adverse effect on our business, financial condition and results of operations.

Security breaches or our own failure to comply with privacy regulations and industry security requirements imposed on providers of services to financial institutions and card processing services could harm our business by disrupting our delivery of services and damaging our reputation.

As part of our business, we electronically receive, process, store and transmit sensitive business information of our customers. In addition, we collect personal consumer data, such as names and addresses, social security numbers, driver s license numbers, cardholder data and payment history records. The uninterrupted operation of our information systems and the confidentiality of the customer/consumer information that resides on such systems are critical to the successful operations of our business. Despite the safeguards we have in place, unauthorized access to our computer systems or databases could result in the theft or publication of confidential information, the deletion or modification of records or could otherwise cause interruptions in our operations. These risks are increased when we transmit information over the Internet. Our visibility in the global payments industry may attract hackers to conduct attacks on our systems that could compromise the security of our data or could cause interruptions in the operations of our businesses and subject us to increased costs, litigation and other liabilities. There is also a possibility of mishandling or misuse, for example, if such information were erroneously provided to parties who are not permitted to have the information, either by fault of our systems, employees acting contrary to our policies, or where such information is intercepted or otherwise improperly taken by third parties. An information breach in the system and loss of confidential information such as credit card numbers and related information could have a longer and more significant impact on the business operations than a hardware failure and could result in claims against us for misuse of personal information, such as identity theft.

Additionally, as a provider of services to financial institutions and card processing services, we are subject directly (or indirectly through our clients) to the same laws, regulations, industry standards and limitations on disclosure of the information we receive from our customers as apply to the customers themselves. If we fail to comply with these regulations, standards and limitations, we could be exposed to suits for breach of contract, governmental proceedings, or prohibitions on card processing services. In addition, as more restrictive privacy laws, rules or industry security requirements are adopted in the future on the federal or local level or by a specific industry body, the change could have an adverse impact on us through increased costs or restrictions on business processes. We may be required to expend significant capital and other resources to comply with mandatory privacy and security standards required by law, industry standard, or contracts.

Any inability to prevent security or privacy breaches or failure to comply with privacy regulations and industry security requirements could cause our existing customers to lose confidence in our systems and terminate their agreements with us, and could inhibit our ability to attract new customers, damage our reputation and/or adversely impact our relationship with administrative agencies.

We may experience breakdowns in our processing systems that could damage customer relations and expose us to liability.

We depend heavily on the reliability of our processing systems in our core businesses. A system outage or data loss, regardless of reason, could have a material adverse effect on our business, financial condition and results of operations. Not only would we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Some of our contractual agreements with financial institutions require the crediting of certain fees if our systems do not meet certain specified service levels. To successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include, but are not limited to, fire, natural disasters, telecommunications failure, computer viruses, terrorist acts and war. Although we have taken steps to protect against data loss and system failures, there is still risk that we may lose critical data or experience system failures. We perform the vast majority of disaster recovery operations ourselves, though we utilize select third parties for some aspects of recovery. To the extent we outsource our disaster recovery, we are at risk of the vendor s unresponsiveness in the event of breakdowns in our systems. Furthermore, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

Lack of system integrity, fraudulent payments or credit quality related to funds settlement could result in a financial loss.

We settle funds on behalf of financial institutions, other businesses and consumers and process funds transactions from clients, card issuers, payment networks and consumers on a daily basis for a variety of transaction types. Transactions facilitated by us include debit card, credit card, electronic bill payment transactions, ACH payments and check clearing that supports consumers, financial institutions and other businesses. These payment activities rely upon the technology infrastructure that facilitates the verification of activity with counterparties, the facilitation of the payment and, in some cases, the detection or prevention of fraudulent payments. If the continuity of operations, integrity of processing, or ability to detect or prevent fraudulent payments were compromised this could result in a financial loss to us.

We may experience defects, development delays, installation difficulties, system failure, or other service disruptions with respect to our technology solutions, which would harm our business and reputation and expose us to potential liability.

Many of our services are based on sophisticated software, technology and computing systems, and we may encounter delays when developing new technology solutions and services. Further, the technology solutions underlying our services have occasionally contained and may in the future contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technologies on platforms used by our customers. Finally, our systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorized entry and computer viruses or other cyber attacks. Defects in our technology solutions, errors or delays in the processing of electronic transactions, or other difficulties could result in: (1) interruption of business operations; (2) delay in market acceptance; (3) additional development and remediation costs; (4) diversion of technical and other resources; (5) loss of customers; (6) negative publicity; or (7) exposure to liability claims.

Any one or more of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

The ability to adopt technology to changing industry and customer needs or trends may affect our competitiveness or demand for our products, which may adversely affect our operating results.

Changes in technology may limit the competitiveness of and demand for our services. Our businesses operate in industries that are subject to technological advancements, developing industry standards and changing

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customer needs and preferences. Also, our customers continue to adopt new technology for business and personal uses. We must anticipate and respond to these industry and customer changes in order to remain competitive within our relative markets. For example, the ability to adopt technological advancements surrounding POS technology available to merchants could have an impact on our Merchant Acquiring business. For example, EMV is a credit and debit card authentication methodology that the card associations are mandating to processors, issuers and acquirers in the payment industry. Compliance deadlines for EMV mandates vary by country and by payment network. We are investing significant resources and man-hours to develop and implement this methodology in all our payment related platforms. However, we are not certain if or when our financial institution customers will use or accept the methodology and the time it will take for this technology to be rolled-out to all customer ATM and POS devices connected to our platforms or adopted by our card issuing clients. Non-compliance with EMV mandates could result in lost business or financial losses from fraud or fines from network operators. Our inability to respond to new competitors and technological advancements could impact all of our businesses.

Consolidations in the banking and financial services industry could adversely affect our revenues by eliminating existing or potential clients and making us more dependent on a more limited number of clients.

In recent years, there have been a number of mergers and consolidations in the banking and financial services industry. Mergers and consolidations of financial institutions reduce the number of our clients and potential clients, which could adversely affect our revenues. Further, if our clients fail or merge with or are acquired by other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use of our services. It is also possible that the larger banks or financial institutions resulting from mergers or consolidations would have greater leverage in negotiating terms with us or could decide to perform in-house some or all of the services which we currently provide or could provide. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the credit risk that our merchants will be unable to satisfy obligations for which we may also be liable.

We are subject to the credit risk of our merchants being unable to satisfy obligations for which we also may be liable. For example, as the merchant acquirer, we are contingently liable for transactions originally acquired by us that are disputed by the card-holder and charged back to the merchants. If we or Banco Popular are unable to collect this amount from the merchant, due to the merchant s insolvency or other reasons, we will bear the loss for the amount of the refund paid to the cardholder. Notwithstanding our adherence to industry standards with regards to the acceptance of new merchants and certain steps to screen for credit risk, it is possible that a default on such obligations by one or more of our merchants could have a material adverse effect on our business.

Increased competition or changes in consumer spending or payment preferences could adversely affect our business.

A decline in the market for our services, either as a result of increased competition, a decrease in consumer spending or a shift in consumer payment preferences, could have a material adverse effect on our business. We may face increased competition in the future as new companies enter the market and existing competitors expand their services. Some of these competitors could have greater overall financial, technical and marketing resources than us, which could enhance their ability to finance acquisitions, fund internal growth and respond more quickly to professional and technological changes. Some competitors could have or may develop a lower cost structure. New competitors or alliances among competitors could emerge, resulting in a loss of business for us and a corresponding decline in revenues and profit margin. Further, if consumer confidence decreases in a way that adversely affects consumer spending, we could experience a reduction in the volume of transactions we process. In addition, if we fail to respond to changes in technology or consumer payment preferences, we could lose business to competitors.

Changes in credit card association or other network rules or standards could adversely affect our business.

In order to provide our transaction processing services, we, Banco Popular, and several of our subsidiaries are registered with or certified by Visa, Discover and MasterCard and other networks as members or service providers for member institutions. As such, we and many of our customers are subject to card association and network rules that could subject us or our customers to a variety of fines or penalties that may be levied by the card associations or networks for certain acts or omissions by us, acquirer customers, processing customers and merchants. Visa, Discover, MasterCard and other networks, some of which are our competitors, set the standards with respect to which we must comply. The termination of Banco Popular s or our subsidiaries member registration or our subsidiaries status as a certified service provider, or any changes in card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to or through our customers, could have an adverse effect on our business, operating results and financial condition.

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Changes in interchange fees or other fees charged by card associations and debit networks could increase our costs or otherwise adversely affect our business.

From time to time, card associations and debit networks change interchange, processing and other fees, which could impact our Merchant Acquiring and Payment Processing businesses. It is possible that competitive pressures will result in our Merchant Acquiring and Payment Processing businesses absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin and adversely affect our business, operating results and financial condition.

Our revenues from the sale of services to merchants that accept Visa, Discover and MasterCard cards are dependent upon our continued Visa, Discover and MasterCard registration and financial institution sponsorship.

In order to provide our Visa, Discover and MasterCard transaction processing services, we must be registered as a merchant processor of Visa, Discover and MasterCard. These designations are dependent upon our being sponsored by member clearing banks of those organizations. If our sponsor banks should stop providing sponsorship for us, we would need to find another financial institution to serve as a sponsor, which could prove to be difficult and/or more expensive. If we are unable to find a replacement financial institution to provide sponsorship we may no longer be able to provide processing services to the affected customers which would negatively impact our revenues and earnings.

For purposes of U.S. federal banking laws, we are deemed to be controlled by Popular, and as such we are subject to supervision and examination by U.S. federal banking regulators, and our activities are limited to those permissible for Popular. Furthermore, as a technology service provider to regulated financial institutions, we are subject to additional regulatory oversight and examination. As a regulated institution, we may be required to obtain regulatory approval before engaging in certain new activities or businesses, whether organically or by acquisition.

Because of Popular s control of us, we are deemed to be a subsidiary of Popular for purposes of the Bank Holding Company Act of 1956, as amended (the BHC Act). We are therefore subject to regulation and supervision by the Federal Reserve Board. We will remain subject to such regulation and examination until Popular is no longer deemed to control us for bank regulatory purposes, which the BHC Act defines differently than GAAP requirements. As long as we are deemed to be controlled by Popular for bank regulatory purposes, we may conduct only those activities that are authorized for a bank holding company or a financial holding company. These activities generally include activities that are related to banking, financial in nature or complementary to financial activities. In addition, we are subject to regulatory oversight and examination by the Federal Financial Institution Examination Council because we are a technology service provider to regulated financial institutions, including Banco Popular.

New lines of business, other new activities, divestitures or acquisitions that we may wish to commence in the future may not be permissible for us under the BHC Act, Regulation K or other relevant U.S. federal banking laws. Further, as a result of being subject to regulation and supervision by the Federal Reserve Board, we may be required to obtain the approval of the Federal Reserve Board before engaging in certain new activities or businesses, whether organically or by acquisition. More generally, the Federal Reserve Board has broad powers to approve, deny or refuse to act upon applications or notices for us to conduct new activities, acquire or divest businesses or assets, or reconfigure existing operations.

For as long as we are deemed to be controlled by Popular for bank regulatory purposes, we are subject to regulation, supervision, examination and potential enforcement action by the Federal Reserve and to most banking laws, regulations and orders that apply to Popular. In July 2011, Popular entered into a memorandum of understanding with the Federal Reserve Bank of New York that may restrict our ability to consummate a merger or acquisition by requiring prior approval of the Federal Reserve Bank of New York for any such transaction. There can be no assurance that any required regulatory approvals will be obtained. Additional restrictions placed on Popular as a result of supervisory or enforcement actions may restrict us or our activities in certain circumstances, even if these actions are unrelated to our conduct or business.

Changes in laws, regulations and enforcement activities may adversely affect the products, services and markets in which we operate.

We and our customers are subject to Federal, Puerto Rico and other countries laws, rules and regulations that affect the electronic payments industry in the countries in which our services are used. In particular, our customers are subject to numerous regulations applicable to banks, financial institutions, processors and card issuers in the United States and abroad, and, consequently, we are at times affected by such laws, rules and regulations. Failure to comply may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of service, and/or the imposition of civil and criminal penalties, including fines which could have an adverse effect on our financial condition. In addition, even an inadvertent failure by us to comply with laws, rules and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage our reputation or brands.

Furthermore, regulation of the electronic payment card industry, including regulations applicable to us and our customers, has increased significantly in recent years. There is also increasing scrutiny by the U.S. Congress of the manner in which payment card networks and card issuers set various fees, from which some of our customers derive significant revenue. For example, on July 21, 2010, the Wall Street Reform Consumer Protection Act (the Dodd-Frank Act) was signed into law in the United States, which includes Section 1075 (commonly referred to as the Durbin Amendment). To implement this provision, the Federal Reserve adopted rules which took effect on October 1, 2011 and April 1, 2012. These rules, among other things, place certain restrictions on the interchange transaction fees that a card issuer can receive for an electronic debit transaction originated at a merchant and also places various exclusivity prohibitions and routing requirements on such transactions. To date, the Durbin Amendment has had mixed implications for our business, but the overall net impact has been positive due to lower interchange costs improving the overall margins of the business. However, we cannot assure you that this trend will continue, and we believe that any future impact (positive or negative) resulting from the Durbin Amendment is uncertain due to the competitive landscape in which we operate. See Business Government Regulation and Payment Network Rules Regulatory Reform and Other Legislative Initiatives.

Further changes to laws, rules and regulations, or interpretation or enforcement thereof, could have a negative financial effect on us. We have structured our business in accordance with existing tax laws and interpretations of such laws. Changes in tax laws or their interpretations could decrease the value of revenues we receive and the amount of our cash flow and have a material adverse impact on our business.

Our business concentration in Puerto Rico imposes risks.

For the fiscal years ended December 31, 2012 and 2011, approximately 86% and 88% of our total revenues were generated from our operations in Puerto Rico. In addition, some of our total revenues generated from our operations outside Puerto Rico are dependent upon our operations in Puerto Rico. Since 2006, the Puerto Rico economy has been experiencing recessionary conditions. Continuing economic decline or other adverse political developments, natural disasters (including hurricanes), and other events could affect, among other things, our customer base, general consumer spending, our cost of operations, our ability to provide services and our physical locations, property and equipment and could have a material adverse effect on our business, financial condition and results of operations.

There are risks associated with our presence in international markets, including political or economic instability.

Our financial performance may be significantly affected by general economic, political and social conditions in the emerging markets where we operate. Many countries in Latin America have suffered significant economic, political and social crises in the past, and these events may occur again in the future. Instability in Latin America has been caused by many different factors, including:

- exposure to foreign exchange variation;
- significant governmental influence over local economies;
- substantial fluctuations in economic growth;
- high levels of inflation;
- exchange controls or restrictions on expatriation of earnings;
- high domestic interest rates;
- wage and price controls;
- changes in governmental economic or tax policies;
- imposition of trade barriers;
- unexpected changes in regulation which may restrict the movement of funds or result in the deprivation of contract rights or the taking of property without fair compensation; and
- overall political, social and economic instability.

Adverse economic, political and social conditions in the Latin America markets where we operate may create uncertainty regarding our operating environment, which could have a material adverse effect on our company.

Our business in countries outside the United States and transactions with foreign governments increase our compliance risks.

Our operations outside the United States could expose us to trade and economic sanctions or other restrictions imposed by the United States or other local governments or organizations. The U.S. Departments of the Treasury and Justice (Treasury), the Securities and Exchange Commission (SEC) and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, the Foreign Corrupt Practices Act (FCPA) and other federal statutes. Under economic sanctions laws, the Treasury may seek to impose modifications to business practices, including cessation of business activities involving sanctioned countries, and modifications to compliance programs, which may increase compliance costs. In addition, we are also subject to compliance with local government regulations. If any of the risks described above materialize, it could adversely impact our business, operating results and financial condition.

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These regulations also prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the United States and other business entities for the purpose of obtaining or retaining business. We have operations and deal with government entities and financial institutions in countries known to experience corruption, particularly certain emerging countries in Latin America, and further international expansion may involve more of these countries. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or consultants that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. Our existing safeguards and any future improvements may prove to be less than effective, and our employees or consultants may engage in conduct for which we may be held responsible. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

We are also subject to the Export Administration Regulations (EAR) administered by the U.S. Department of Commerce s Bureau of Industry and Security which regulates the export, re-export and re-transfer abroad of items made or originating in the United States as well as the transfer of U.S.-origin technology abroad. We have adopted an Export Management Compliance Policy, a comprehensive compliance program under which the goods and technologies that we export are identified and classified under the EAR to make sure they are being exported in compliance with the requirements of the EAR. However, there can be no assurance that we have not violated the EAR in past transactions or that our new policies and procedures will prevent us from violating the EAR in every transaction in which we engage. Any such violations of the EAR could result in fines, penalties or other sanctions being imposed on us, which could negatively affect our business, operating results and financial condition.

We and our subsidiaries conduct business with financial institutions and/or card payment networks operating in countries whose nationals, including some of our customers customers, engage in transactions in countries that are the targets of U.S. economic sanctions and embargoes. If we are found to have failed to comply with applicable U.S. sanctions laws and regulations in these instances, we and our subsidiaries could be exposed to fines, sanctions and other penalties or other governmental investigations.

We and our subsidiaries conduct business with financial institutions and/or card payment networks operating in countries whose nationals, including some of our customers customers, engage in transactions in countries that are the target of U.S. economic sanctions and embargoes, including Cuba. As a U.S.-based entity, we and our subsidiaries are obligated to comply with the economic sanctions regulations administered by the U.S. Department of the Treasury s Office of Foreign Assets Control (OFAC). These regulations prohibit U.S.-based entities from entering into or facilitating unlicensed transactions with, for the benefit of, or in some cases involving the property and property interests of, persons, governments, or countries designated by the U.S. government under one or more sanctions regimes. Failure to comply with these sanctions and embargoes may result in material fines, sanctions or other penalties being imposed on us or other governmental investigations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business involving sanctioned countries or entities.

For these reasons, we have established risk-based policies and procedures designed to assist us and our personnel in complying with applicable U.S. laws and regulations. These policies and procedures include the use of software to screen transactions we process for evidence of sanctioned-country and persons involvement. Consistent with a risk-based approach and the difficulties of identifying all transactions of our customers customers that may involve a sanctioned country, there can be no assurance that our policies and procedures will prevent us from violating applicable U.S. laws and regulations in every transaction in which we engage, and such violations could adversely affect our reputation, business, financial condition and results of operations.

Because we process transactions on behalf of the aforementioned financial institutions through the aforementioned payment networks, we have processed a limited number of transactions potentially involving sanctioned countries and there can be no assurances that, in the future, we will not inadvertently process such transactions. Due to a variety of factors, including technical failures and limitations of our transaction screening process, conflicts between U.S. and local laws, political or other concerns in certain countries in which we and our subsidiaries operate, and/or failures in our ability effectively to control employees operating in certain non-U.S. subsidiaries, we have not rejected every transaction originating from or otherwise involving sanctioned countries, or persons and there can be no assurances that, in the future, we will not inadvertently fail to reject such transactions.

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On June 25, 2010, EVERTEC, LLC discovered potential violations of the Cuban Assets Control Regulations (CACR), which are administered by OFAC, which occurred due to an oversight in the activation of screening parameters for two customers located in Haiti and Belize. Upon discovery of these potential violations, EVERTEC, LLC initiated an internal review and submitted an initial notice of voluntary self-disclosure to OFAC on July 1, 2010. OFAC responded to this initial report with requests for additional information. EVERTEC, LLC provided the information requested on September 24, 2010 in its final notice of voluntary self-disclosure, which also included information on the remedial measures and new and enhanced internal controls adopted by EVERTEC, LLC to avoid this situation in the future. These potential violations involved a small number of processed transactions from Cuba compared to the overall number of transactions processed for these customers during the two-month period in which the screening failures occurred. Nevertheless, should OFAC determine that these activities constituted violations of U.S. sanctions regulations, civil penalties and/or criminal fines, could be assessed against EVERTEC, LLC. We cannot predict the timing or ultimate outcome of the OFAC review, the total costs to be incurred in response to this review, the potential impact on our personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with U.S. sanctions regulations, or to what extent, if at all, we could be subject to penalties or other governmental investigations.

Separately, on September 15, 2010, EVERTEC, LLC submitted an initial notice of voluntary self-disclosure to OFAC regarding certain activities of its former Venezuelan subsidiary, EVERTEC de Venezuela, C.A. (EVERTEC Venezuela) (which ceased being a subsidiary of EVERTEC, LLC after the closing of the Merger) and one of EVERTEC, LLC s Costa Rican subsidiaries (which continues to be a subsidiary of EVERTEC, LLC after the closing of the Merger). This initial self-disclosure informed OFAC that these subsidiaries appeared to have been involved in processing Cuba-related credit card transactions that EVERTEC, LLC and the subsidiaries believed they could not reject under governing local law and policies, but which nevertheless may not be consistent with the CACR. With respect to EVERTEC, LLC and its former Venezuelan subsidiary, we disclosed that they completely ceased processing Cuba-related transactions for financial institutions operating in Venezuela on September 4, 2010. We also disclosed that EVERTEC, LLC s Costa Rican subsidiary completely ceased processing Cuba-related credit card transactions for financial institutions operating in Costa Rica in January 2009. In addition, it was also disclosed that EVERTEC, LLC s Costa Rican subsidiary s switch had served as a conduit through which information about Cuban-related debit card transactions was transmitted to credit card associations and issuer banks, which made the decisions to approve or reject the transactions.

On November 15, 2010, EVERTEC, LLC submitted its final notice of voluntary self-disclosure on these transactions to OFAC. The final report indicated the measures that we had taken to determine the amount of the credit transactions relating to Cuba that had not been rejected between 2007 and 2010. In addition, we confirmed that EVERTEC, LLC terminated the routing of the Cuban-related debit card transaction information on September 30, 2010. While the credit and debit card transactions at issue represent a small proportion of the overall number of transactions processed for these financial institutions, the transactions occurred over an extended period of time. Should OFAC determine that EVERTEC, LLC s processing activities constituted violations of the CACR, civil or criminal penalties could be assessed against EVERTEC, LLC and/or its subsidiaries. Since the November 15, 2010 submission by EVERTEC, LLC, there have been no communications between OFAC and EVERTEC, LLC regarding the transactions included in the voluntary self-disclosures.

Popular agreed to specific indemnification obligations with respect to all of the matters described above and certain other matters, in each case, subject to the terms and conditions contained in the Merger Agreement. However, we cannot assure you that we will be able to fully collect any claims made with respect to such indemnities or that Popular will satisfy its indemnification obligations to us. See Certain Relationships and Related Party Transactions Related Party Transactions in Connection with the Closing of the Merger Merger Agreement.

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Our expansion and selective acquisition strategy exposes us to risks, including the risk that we may not be able to successfully integrate acquired businesses.

As part of our growth strategy, we evaluate opportunities for acquiring complementary businesses that may supplement our internal growth. However, there can be no assurance that we will be able to identify and purchase suitable operations. Further, as a subsidiary of a bank holding company for purposes of the BHC Act, we may conduct only activities authorized under the BHC Act and the Federal Reserve Board s Regulation K and other related regulations for a bank holding company or a financial holding company. These restrictions may limit our ability to acquire other businesses or enter into other strategic transactions. See For purposes of U.S. federal banking laws, we are deemed to be controlled by Popular, and as such we are subject to supervision and examination by U.S. federal banking regulators, and our activities are limited to those permissible for Popular. Furthermore, as a technology service provider to regulated financial institutions, we are subject to additional regulatory oversight and examination. As a regulated institution, we may be required to obtain regulatory approval before engaging in certain new activities or businesses, whether organically or by acquisition. In addition, in connection with any acquisitions, we must comply with U.S. federal and other antitrust and/or competition law requirements. Further, the success of any acquisition depends in part on our ability to integrate the acquired company, which may involve unforeseen difficulties and may require a disproportionate amount of our management s attention and our financial and other resources. Although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover all operational deficiencies or material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to successfully integrate these acquired businesses or to discover such liabilities could adversely affect our operating results.

Failure to protect our intellectual property rights and defend ourselves from potential intellectual property infringement claims may diminish our competitive advantages or restrict us from delivering our services.

Our trademarks, proprietary software, and other intellectual property, including technology/software licenses, are important to our future success. For example, the ATH trademark and trade name is widely recognized in Latin America and the Caribbean and is associated with quality and reliable service. Therefore, such marks represent substantial intangible assets and are important to our business. Limitations or restrictions on our ability to use such marks or a diminution in the perceived quality associated therewith could have an adverse impact on the growth of our businesses. We also rely on proprietary software and technology, including third party software that is used under various licenses. It is possible that others will independently develop the same or similar software or technology, which would permit them to compete with us more efficiently. Furthermore, if any of the third party software or technology licenses are terminated or otherwise determined to be unenforceable, then we would have to obtain a comparable license, which may involve increased license fees and other costs.

Despite our efforts to protect our proprietary or confidential business know-how and other intellectual property rights, unauthorized parties may attempt to copy or misappropriate certain aspects of our services, infringe upon our rights, or to obtain and use information that we regard as proprietary. Policing such unauthorized use of our proprietary rights is often very difficult, and therefore, we are unable to guarantee that the steps we have taken will prevent misappropriation of our proprietary software/technology or that the agreements entered into for that purpose will be effective or enforceable in all instances. Misappropriation of our intellectual property or potential litigation concerning such matters could have a material adverse effect on our results of operations or financial condition. Our registrations and/or applications for trademarks, copyrights, and patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with maximum protection or meaningful advantage. If we are unable to maintain the proprietary nature of our software or technologies, we could lose competitive advantages and our businesses may be materially adversely affected. Furthermore, the laws of certain foreign countries in which we do business or contemplate doing business in the future may not protect intellectual property rights to the same extent as do the laws of the United States or Puerto Rico. Adverse determinations in judicial or administrative proceedings could prevent us from selling our services and products, or prevent us from preventing others from selling competing services, and may result in a material adverse effect on our business, financial condition and results of operations.

If our applications or services or third party applications upon which we rely are found to infringe the proprietary rights of others, we may be required to change our business practices and may also become subject to significant costs and monetary penalties.

As our IT applications and services develop, we are increasingly subject to potential claims for intellectual property infringement, for example, patent or copyright infringement. Any such claims, even if lacking merit, could: (i) be expensive and time-consuming to defend; (ii) cause us to cease making, licensing or using software or applications that incorporate the challenged intellectual property; (iii) require us to redesign our software or applications, if feasible; (iv) divert management s attention and resources; and (v) require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies. Unfavorable resolution of these claims could result in us being restricted from delivering the related service and products, liable for damages, or otherwise result in a settlement that could be material to us.

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The ability to recruit, retain and develop qualified personnel is critical to our success and growth.

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory developments that requires a wide ranging set of expertise and intellectual capital. For us to successfully compete and grow, we must retain, recruit and develop the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. In addition, we must develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure you that key personnel, including executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

Failure to comply with state and federal antitrust requirements could adversely affect our business.

Due to our ownership of the ATH network and our Merchant Acquiring and Payment Processing business in Puerto Rico, we are involved in a significant percentage of the debit and credit card transactions conducted in Puerto Rico each day. Regulatory scrutiny of, or regulatory enforcement action in connection with, compliance with state and federal antitrust requirements could have a material adverse effect on our reputation and business.

The market for our electronic commerce services is evolving and may not continue to develop or grow rapidly enough for us to maintain and increase our profitability.

If the number of electronic commerce transactions does not continue to grow or if consumers or businesses do not continue to adopt our services, it could have a material adverse effect on the profitability of our business, financial condition and results of operations. We believe future growth in the electronic commerce market will be driven by the cost, ease-of-use, and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain our profitability, consumers and businesses must continue to adopt our services.

The historical financial information for certain periods presented in this prospectus may not be representative of our results as a consolidated, stand-alone company and may not be a reliable indicator of our future results.

The historical financial statements of EVERTEC, LLC s predecessor entities for certain periods included in this prospectus were prepared on a carved-out basis from Popular s consolidated financial statements and do not reflect our operations as a separate stand-alone entity for such periods. Because our businesses were either wholly-owned subsidiaries of Popular, or were operated as divisions of wholly-owned subsidiaries of Popular, the historical financial statements for certain periods include assets, liabilities, revenues and expenses directly attributable to our operations and allocations to us of certain corporate expenses of Popular. These expenses for corporate services, which include expenses for accounting, tax, treasury, payroll and benefits administration, risk management, legal, public relations and compliance, have been allocated to us on the basis that management considers to reflect most fairly or reasonably the utilization of the services provided to or the benefit obtained by businesses comprising our company. However, the historical financial statements do not necessarily reflect what our financial position and results of operations would have been if we had been operated as a stand-alone entity during such periods, and may not be indicative of future results of operations or financial position. See Certain Relationships and Related Party Transactions Related Party Transactions in Connection with the Closing of the Merger Transition Services Agreement for further detail on the transition services provided by Popular.

We are a holding company and rely on dividends and other payments, advances and transfers of funds from our subsidiaries to meet our obligations and pay any dividends.

We have no direct operations and no significant assets other than ownership of 100% of the stock of Holdings, which in turn has no significant assets other than ownership of 100% of the membership interests of EVERTEC, LLC. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments to generate the funds necessary to meet our financial obligations, and to pay any

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dividends with respect to our common stock. Legal and contractual restrictions in the senior secured credit facilities and the indenture governing the notes and other agreements which may govern future indebtedness of our subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. The earnings from, or other available assets of, our subsidiaries may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our common stock or other obligations.

As an emerging growth company under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain reporting and disclosure requirements, which may make our future public filings different than that of other public companies.

As an emerging growth company under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain reporting and disclosure requirements. We will be an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of $1 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement; (iii) the date on which we have, during the previous 3-year period, issued more than $1 billion in non-convertible debt; or (iv) the date on which we are deemed a large accelerated filer as defined under the federal securities laws. For so long as we remain an emerging growth company, we will not be required to:

- have an auditor attestation report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor s report providing additional information about the audit and the financial statements (auditor discussion and analysis);

- submit certain executive compensation matters to shareholders advisory votes pursuant to the say on frequency and say on pay provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the say on golden parachute provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; or

- include detailed compensation discussion and analysis in our filings under the Securities Exchange Act of 1934, as amended (the Exchange Act), and instead may provide a reduced level of disclosure concerning executive compensation.

We may choose to take advantage of some or all of these reduced burdens and, if we do, the information that we provide you in our public filings may be different than that of other public companies. In this prospectus we have taken advantage of reduced financial reporting requirements available under the JOBS Act for an emerging growth company in the registration statement for its initial public offering. Specifically, we have provided only two years of audited financial statements and selected financial data and related discussion in Management s Discussion and Analysis of Financial Condition and Results of Operations. If some investors find our common stock less attractive as a result of these reduced disclosure obligations, there may be a less active trading market for our common stock and our stock price may be more volatile, which could cause our stock price to decline. Furthermore, because investors may be unable to compare our business with other companies in our industry if they believe that our financial accounting is not as transparent as that of other companies in our industry, we may have more difficulty raising additional capital, potentially adversely impacting our financial condition.

Section 107 of the JOBS Act also provides that an emerging growth company may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain new accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period is irrevocable pursuant to Section 107 of the JOBS Act.

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The exact implications of the JOBS Act for us are still subject to interpretations and guidance by the SEC and other regulatory agencies. In addition, as our business grows, we may no longer satisfy the conditions of an emerging growth company. We are currently evaluating and monitoring developments with respect to these new rules and we cannot assure you that we will be able to take advantage of all of the benefits from the JOBS Act.

Risks Related to Our Indebtedness

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the notes and the senior secured credit facilities.

We are highly leveraged. As of December 31, 2012, the total principal amount of our indebtedness, excluding short-term borrowings, before giving effect to discounts and premiums, was approximately $745.5 million. Our high degree of leverage could have important consequences for you, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow for other purposes, including for our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under the senior secured credit facilities, will be at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our other debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, business development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

For the year ended December 31, 2012, our cash interest expense on the senior secured credit facilities amounted to $23.3 million. Our interest expense could increase if interest rates increase because the entire amount of the indebtedness under the senior secured credit facilities bears interest at a variable rate. At December 31, 2012, we had approximately $495.0 million aggregate principal amount of variable rate indebtedness under the senior secured credit facilities. A 100 basis point increase in the applicable margins over our floor(s) on our debt balances outstanding as of December 31, 2012 under the senior secured credit facilities would increase our annual interest expense by approximately $5.0 million.

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Despite our high indebtedness level, we and our subsidiaries still may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, some of which may be secured. Although the agreement governing the senior secured credit facilities and the indenture governing the notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and under certain circumstances, the amount of indebtedness, including secured indebtedness, that could be incurred in compliance with those restrictions could be substantial.

In addition to the $35.3 million which was available for borrowing under the revolving credit facility as of December 31, 2012, the terms of the senior secured credit facilities enable us to increase the amount available under the term loan and/or revolving credit facilities if we are able to obtain loan commitments from banks and satisfy certain other conditions. If new debt is added to our and our subsidiaries existing debt levels, the related risks that we face would increase. In addition, the indenture does not prevent us from incurring obligations that do not constitute indebtedness under such indenture. See Description of Certain Indebtedness.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The indenture governing the notes and the agreement governing the senior secured credit facilities contain, and any future indebtedness we incur may contain, various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

As a result of these covenants, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, the covenants in the senior secured credit facilities require us to maintain a maximum senior secured leverage ratio and also limit our capital expenditures. A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions and, in the case of the revolving credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under the senior secured credit facilities, the lenders could elect to declare all amounts outstanding under the senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under the senior secured credit facilities. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, the proceeds from the sale or foreclosure upon such assets will first be used to repay debt under the senior secured credit facilities and we may not have sufficient assets to repay our unsecured indebtedness thereafter. See Description of Certain Indebtedness Senior Secured Credit Facilities.

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We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

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Risks Related to This Offering

There is no existing market for our common stock, and we do not know if one will develop, which could impede your ability to sell your shares and may depress the market price of our common stock.

There has not been a public market for our common stock prior to this offering. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the common stock will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See Underwriting (Conflicts of Interest). Consequently, you may be unable to sell our common stock at prices equal to or greater than the price you pay in this offering.

The interests of our principal stockholders may conflict with or differ from your interests as a stockholder.

After the consummation of this offering, Apollo will own approximately % of our common stock, assuming the underwriters do not exercise their option to purchase additional shares, or % if the underwriters exercise their option in full and Popular will own approximately % of our common stock, assuming the underwriters do not exercise their option to purchase additional shares, or % if the underwriters exercise their option in full. After the consummation of this offering, the group consisting of Apollo and Popular will beneficially own % of our shares of outstanding common stock, assuming the underwriters do not exercise their option to purchase up to additional shares from the selling stockholders. As a result, subject to applicable law and the Stockholder Agreement described in this prospectus, Apollo and Popular will continue to control all matters affecting us, including decisions regarding extraordinary business transactions, fundamental corporate transactions, appointment of members to our management, election of directors and our corporate and management policies. The interests of Apollo and/or Popular could conflict with your interests as a holder of our common stock. For example, the concentration of ownership held by Apollo and Popular, the terms of the Stockholder Agreement and our organizational documents (including Apollo s and Popular s quorum rights and consent rights over certain significant corporate actions including amendments to our organizational documents) and Popular s right to terminate certain of its agreements with us in certain situations upon a change of control of EVERTEC, LLC, could delay, defer or prevent certain significant corporate actions that you as a stockholder may otherwise view favorably, including a change of control of us (whether by merger, takeover or other business combination). See Certain Relationships and Related Party Transactions for a description of the circumstances under which Popular may terminate certain of its agreements with us. Further, Apollo and Popular will realize substantial benefits from the sale of their shares in this offering and may have less interest in our successor as their ownership decreases. A sale of a substantial number of shares of stock in the future by Apollo or Popular could cause our stock price to decline.

Furthermore, Popular operates in the financial services industry and Apollo Management and its affiliates are in the business of managing funds that make investments in companies and one or more of them may from time to time manage funds that acquire and hold interests in businesses that compete directly or indirectly with us, as well as businesses that represent major customers of our business. Funds and businesses managed by Apollo Management and its affiliates and/or Popular may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

Our amended and restated certificate of incorporation will provide that we expressly renounce any interest or expectancy in any business opportunity, transaction or other matter in which Apollo, Popular or certain of their respective transferees or any director nominated by Apollo, Popular or any of such transferees participates or desires or seeks to participate in, even if the opportunity is one that we would reasonably be deemed to have pursued if given the opportunity to do so. See Certain Relationships and Related Party Transactions Stockholder Agreement.

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We will be a controlled company within the meaning of the NYSE listing rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon the closing of this offering, Apollo and Popular as a group will continue to control a majority of our voting common stock. As a result, we will be a controlled company within the meaning of applicable corporate governance standards. Under the NYSE listing rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including:

- the requirement that we have a majority of independent directors on our Board;
- the requirement that we have a nominating committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and compensation committees.

Following this offering, we intend to utilize the foregoing exemptions from the applicable corporate governance requirements. As a result, we will not have a majority of independent directors nor a separate nominating committee. In addition, our compensation committees will not consist entirely of independent directors and we will not be required to have an annual performance evaluation of the compensation committees. See Management. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the applicable corporate governance requirements.

Certain underwriters have interests in this offering beyond customary underwriting discounts; specifically, certain underwriters are affiliates of our controlling stockholders and affiliates of an underwriter will receive a portion of the proceeds.

Each of Apollo Global Securities, LLC, an affiliate of Apollo, and Popular Securities, Inc., an affiliate of Popular, will be an underwriter of this offering. Since each of Apollo and Popular owns more than 10% of our outstanding common stock, a conflict of interest would be deemed to exist under Rule 5121(f)(5)(B) of the Conduct Rules of the Financial Industry Regulatory Authority, or FINRA. In addition, because Apollo and Popular as selling stockholders will receive more than 5% of the proceeds of this offering, a conflict of interest would be deemed to exist under Rule 5121(f)(5)(C)(ii) of the Conduct Rules of FINRA. There may be a conflict of interest between such underwriter s interests (e.g., in negotiating the initial public offering price) and your interest as a purchaser. As affiliates of participants in this offering that may seek to realize the value of their investments in us, these underwriters could have interests beyond customary underwriting discounts. Accordingly, we intend that this offering will be made in compliance with the applicable provisions of Rule 5121. Since neither Apollo Global Securities, LLC nor Popular Securities, Inc. is primarily responsible for managing this offering, pursuant to FINRA Rule 5121, the appointment of a qualified independent underwriter is not necessary. As such, neither Apollo Global Securities, LLC nor Popular Securities, Inc. will confirm sales to accounts in which it exercises discretionary authority without the prior written consent of the customer.

The price of our common stock may fluctuate significantly and you could lose all or part of your investment.

Volatility in the market price of our common stock may prevent you from being able to sell your common stock at or above the price you paid for your common stock. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- changes in earnings estimates or recommendations by securities analysts who track our common stock or industry;

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market and industry perception of our success, or lack thereof, in pursuing our growth strategy; and

sales of common stock by us, our stockholders, Apollo or its affiliates, Popular or members of our management team.

In addition, the stock market has experienced significant price and volume fluctuations in recent years. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

We currently have no plans to pay regular dividends on our common stock, so you may not receive funds without selling your common stock.

We currently have no plans to pay regular dividends on our common stock. Any payment of future dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions applying to the payment of dividends, and other considerations that our Board deems relevant. The terms of the senior secured credit facilities and the indenture governing the notes include limitations on our ability to pay dividends and/or the ability of our subsidiaries to pay dividends to us. Accordingly, you may have to sell some or all of your common stock in order to generate cash flow from your investment.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock.

We may sell additional shares of common stock in subsequent public offerings or otherwise, including to finance acquisitions. Our amended and restated certificate of incorporation will authorize us to issue shares of common stock, of which shares will be outstanding upon consummation of this offering. The outstanding share number includes shares that we or the selling stockholders are selling in this offering, which may be resold immediately in the public market. The remaining outstanding shares are restricted from immediate resale under the lock-up agreements with the underwriters described in the Underwriting (Conflicts of Interest) section of this prospectus, but may be sold into the market in the near future. Following the expiration of the applicable lock-up period, which is 180 days after the date of this prospectus, shares of our common stock will be freely transferable without restriction or further registration under the Securities Act, except for any such shares which are held or may be acquired by any of our affiliates as that term is defined in Rule 144 under the Securities Act, which will be subject to the resale limitations of Rule 144. See Shares Eligible for Future Sale for a discussion of the shares of our common stock that may be sold into the public market in the future. Pursuant to the Stockholder Agreement with Apollo and Popular, each of Apollo and Popular have certain rights to demand underwritten registered offerings in respect of the approximately shares of common stock that they will own immediately following this offering, and we have granted Apollo, Popular and certain members of management incidental registration rights, in respect of shares of common stock. Upon the effectiveness of such a registration statement, all shares covered by the registration statement would be freely transferable. See Certain Relationships and Related Party Transactions Stockholder Agreement.

As soon as practicable after the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of our common stock reserved for issuance under the Equity Incentive Plans. Accordingly, shares of our common stock registered under such registration statement may become available for sale in the open market upon grants under the Equity Incentive Plans, subject to vesting restrictions, Rule 144 limitations applicable to our affiliates and the contractual lock-up provisions described below.

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We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including any shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

Our organizational documents and Stockholder Agreement may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

Provisions of our amended and restated certificate of incorporation, amended and restated bylaws and the Stockholder Agreement may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board and/or each of Apollo and Popular. These provisions include:

- a voting agreement among Apollo and Popular to vote such stockholder s shares in favor of the Apollo and Popular director nominees (which currently comprise eight of our nine directors) and the management director and to remove and replace any such directors in accordance with the terms of the Stockholder Agreement and applicable law and an agreement by us to take all actions within our control necessary and desirable to cause the election, removal and replacement of such directors in accordance with the Stockholder Agreement and applicable law;

- requiring that a quorum for the transaction of business at any meeting of the stockholders (other than a reconvened meeting with the same agenda as the originally adjourned meeting) consist of (1) stockholders holding a majority of our outstanding voting common stock and entitled to vote at such meeting and (2) each of Apollo and Popular, for so long as it owns, together with its respective affiliates, 20% or more of our outstanding voting common stock;

- requiring that a quorum for the transaction of business at any meeting of the Board (other than a reconvened meeting with the same agenda as the originally adjourned meeting) consist of (1) a majority of the total number of directors then serving on the Board and (2) at least one director nominated by each of Apollo and Popular, for so long as it owns, together with its respective affiliates, 5% or more of our outstanding voting common stock;

- prohibiting cumulative voting in the election of directors;

- authorizing the issuance of blank check preferred stock without any need for action by stockholders other than Apollo and Popular;

- prohibiting stockholders from acting by written consent unless the action is taken by unanimous written consent;

- requiring that each of Apollo and Popular, for so long as it, together with its respective affiliates, owns at least 20% of our outstanding common stock, approve certain corporate actions before we may take those actions, including amendments to our organizational documents, equity issuances, acquisitions or dispositions of material assets and certain other significant matters; and

- establishing advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by stockholders at stockholder meetings, which advance notice requirements are not applicable to (1) any directors nominated in accordance with the terms of the Stockholder Agreement and (2) for so long as Apollo and Popular, together with their respective affiliates, own greater than 50% of our outstanding voting common stock, any other business included in the notice of a meeting at the request of either Apollo or Popular.

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Our issuance of shares of preferred stock could delay or prevent a change in control of us. Our Board has authority to issue shares of preferred stock, subject to the approval of each of Apollo and Popular for so long as it, together with its respective affiliates, owns at least 20% of our outstanding common stock and the approval of at least one director nominated by each of Apollo and Popular for so long as it, together with its respective affiliates, owns at least 10% of our outstanding common stock. Our Board may issue preferred stock in one or more series, designate the number of shares constituting any series, and fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares.

In addition, Apollo and Popular, under and subject to the Stockholder Agreement and our organizational documents, will have significant control over matters requiring board or stockholder approval, including the election of directors, amendment of our organizational documents and certain corporate transactions. See Certain Relationships and Related Party Transactions Related Party Transactions After the Closing of the Merger Stockholder Agreement.

Together, our amended and restated certificate of incorporation, bylaws and Stockholder Agreement could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock owned by Apollo and Popular following this offering and their individual rights to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. See Description of Capital Stock Certain Anti-Takeover, Limited Liability and Indemnification Provisions.

You will experience an immediate and substantial dilution in the net tangible book deficit of the common stock you purchase.

After giving effect to this offering and the other adjustments described elsewhere in this prospectus under Dilution, we expect that our pro forma as adjusted net tangible book deficit as of December 31, 2012 would be $ per share. Based on an assumed initial public offering price of $ per share, the midpoint of the estimated offering range set forth on the cover page of this prospectus, you will experience immediate and substantial dilution of approximately $ per share in net tangible book deficit of the common stock you purchase in this offering. See Dilution, including the discussion of the effects on dilution from a change in the price of this offering.

The additional requirements of having a class of publicly traded equity securities may strain our resources and distract management.

Even though EVERTEC, LLC currently files reports with the SEC, after the consummation of this offering, we will be subject to additional reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, (the Sarbanes-Oxley Act), and the Dodd-Frank Act. The Dodd-Frank Act effects comprehensive changes to public company governance and disclosures in the United States and will subject us to additional federal regulation. We cannot predict with any certainty the requirements of the regulations ultimately adopted or how the Dodd-Frank Act and such regulations will impact the cost of compliance for a company with publicly traded common stock. We are currently evaluating and monitoring developments with respect to the Dodd-Frank Act and other new and proposed rules and cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities

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intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a company with publicly traded common stock and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board, particularly to serve on our audit committee, and qualified executive officers.

The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. These requirements may place a strain on our systems and resources. Under Section 404 of the Sarbanes-Oxley Act, we will be required to include a report of management on our internal control over financial reporting in our Annual Reports on Form 10-K beginning with the Form 10-K for the year ending December 31, 2013. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. If we are unable to conclude that our disclosure controls and procedures and internal control over financial reporting are effective, or if we are no longer an emerging growth company and our independent public accounting firm is unable to provide us with an unqualified report on our internal control over financial reporting in future years, investors may lose confidence in our financial reports and our stock price may decline.

We have broad discretion to apply the proceeds to us from this offering, and we may use them in ways that may not enhance our operating results or the price of our common stock.

Our management will have broad discretion over the use of proceeds from this offering, and we could spend the proceeds from this offering in ways our stockholders may not agree with or that do not yield a favorable return, if at all. If we do not invest or apply the proceeds of this offering in ways that improve our operating results, we may fail to achieve expected financial results, which could cause our stock price to decline.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will depend in part on the research and reports that third-party securities analysts publish about our company and our industry. One or more analysts could downgrade our common stock or issue other negative commentary about our company or our industry. In addition, we may be unable or slow to attract research coverage. Alternatively, if one or more of these analysts cease coverage of our company, we could lose visibility in the market. As a result of one or more of these factors, the trading price of our common stock could decline.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing information and other information that is not historical information. Such forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, estimates, will, should, plans or anticipates or the negative thereof or other variations th comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. Among the factors that significantly impact our business and could impact our business in the future are:

- our reliance on our relationship with Popular for a significant portion of our revenues and with Banco Popular, Popular s principal banking subsidiary, to grow our Merchant Acquiring business;
- our ability to renew our client contracts on terms favorable to us;
- our dependence on our processing systems, technology infrastructure, security systems and fraudulent payment detection systems, as well as on our personnel and certain third parties with whom we do business;
- our ability to develop, install and adopt new software, technology and computing systems;
- a decreased client base due to consolidations and failures in the financial services industry;
- the credit risk of our merchant clients, for which we may also be liable;
- the continuing market position of the ATH network despite competition and potential shifts in consumer payment preferences;
- our dependence on credit card associations, including any adverse changes in credit card association or network rules or fees;
- changes in the regulatory environment and changes in international, legal, political, administrative or economic conditions;
- the geographical concentration of our business in Puerto Rico;
- operating an international business in multiple regions with potential political and economic instability, including Latin America;
- our ability to execute our geographic expansion and acquisition strategies;

our ability to protect our intellectual property rights against infringement and to defend ourselves against claims of infringement brought by third parties;

our ability to recruit and retain the qualified personnel necessary to operate our business;

our ability to comply with federal, state and local regulatory requirements;

evolving industry standards and adverse changes in global economic, political and other conditions;

our high level of indebtedness and restrictions contained in our debt agreements, including the senior secured credit facilities and the indenture governing the notes, as well as debt that could be incurred in the future;

our ability to generate sufficient cash to service our indebtedness and to generate future profits; and

other risks and uncertainties discussed in this prospectus, including in the section entitled Risk Factors.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth in this prospectus under Risk Factors, in Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this prospectus. In light of such risks and uncertainties, we caution you not to rely on these forward-looking statements in deciding whether to participate in this offering. These forward-looking statements speak only as of the date of this prospectus, and we do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

INDUSTRY AND MARKET DATA

This prospectus includes industry data that we obtained from periodic industry publications, including the November 2011, May 2012 and July 2012 Nilson Reports, the January 2013 Gartner Dataquest Market Statistics and the 2012 World Payments Report. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable. This prospectus also includes market share and industry data that were prepared primarily based on management s knowledge of the industry and industry data. Unless otherwise noted, statements as to our market share and market position relative to our competitors are approximated and based on management estimates using the above-mentioned latest-available third-party data and our internal analyses and estimates. While we are not aware of any misstatements regarding any industry data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under Risk Factors, Cautionary Notice Regarding Forward-Looking Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus.

The Gartner report, Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2010-2016, 4Q12 Update, January 2013, described herein (the Gartner Report), represents data, research opinion or viewpoints published as part of a syndicated subscription service by Gartner, Inc. and are not representations of fact. The Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report are subject to change without notice.

NON-GAAP FINANCIAL MEASURES

Our comparison of Successor and Predecessor periods, EBITDA, Adjusted EBITDA and Adjusted Net Income, as presented in this prospectus, are supplemental measures of our performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America (GAAP). They are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities, as indicators of cash flows or as measures of our liquidity.

We define the three months ended December 31, 2010 as the financial results of Holdings for the period from its inception on June 25, 2010 to December 31, 2010, consisting primarily of merger and advisory-related costs incurred prior to the Merger on September 30, 2010, and following the Merger consisting primarily of EVERTEC, LLC results of operations (the Successor period).

We define EBITDA as earnings before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA as further adjusted to exclude unusual items and other adjustments as described under Summary Summary Historical Consolidated and Combined Financial Data. We define Adjusted Net Income as net income as adjusted to exclude unusual items and other adjustments as described under Summary Summary Historical Consolidated and Combined Financial Data. We caution investors that amounts presented in accordance with our definitions of EBITDA, Adjusted EBITDA and Adjusted Net Income may not be comparable to similar measures disclosed by other issuers, because not all issuers and analysts calculate EBITDA, Adjusted EBITDA or Adjusted Net Income in the same manner. We present EBITDA and Adjusted EBITDA because we consider them important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, our presentation of Adjusted EBITDA is consistent with the equivalent measurements that are contained in the

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senior secured credit facilities and the indenture governing the notes in testing EVERTEC, LLC s compliance with covenants therein such as interest coverage and debt incurrence. We use Adjusted Net Income to measure our overall profitability because it better reflects our cash flow generation by capturing the actual cash taxes paid rather than our tax expense as calculated under GAAP and excludes the impact of the non-cash amortization and depreciation that was created as a result of the Merger. See Summary Summary Historical Consolidated and Combined Financial Data for a quantitative reconciliation of EBITDA, Adjusted EBITDA and Adjusted Net Income to the most directly comparable GAAP financial performance measure, which is net income. In addition, in evaluating EBITDA, Adjusted EBITDA and Adjusted Net Income, you should be aware that in the future we may incur expenses such as those excluded in calculating them. Further, our presentation of these measures should not be construed as an inference that our future operating results will not be affected by unusual or nonrecurring items.

Some of the limitations of EBITDA, Adjusted EBITDA and Adjusted Net Income are as follows:

- they do not reflect cash outlays for capital expenditures or future contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements;
- in the case of EBITDA and Adjusted EBITDA, they do not reflect interest expense, or the cash requirements necessary to service interest, or principal payments, on indebtedness;
- in the case of EBITDA and Adjusted EBITDA, they do not reflect income tax expense or the cash necessary to pay income taxes; and
- other companies, including other companies in our industry, may not use EBITDA, Adjusted EBITDA and Adjusted Net Income or may calculate EBITDA, Adjusted EBITDA and Adjusted Net Income differently than as presented in this prospectus, limiting their usefulness as a comparative measure.

EMERGING GROWTH COMPANY STATUS

We are an emerging growth company as defined in the recently-enacted Jumpstart Our Business Startups Act (the JOBS Act), and we are eligible to take advantage of certain exemptions from various reporting and disclosure requirements that are applicable to public companies that are not emerging growth companies. See Risk Factors Risks Related to Our Business As an emerging growth company under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain reporting and disclosure requirements, which may make our future public filings different than that of other public companies.

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the Securities Act) for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain new accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period is irrevocable.

We will remain an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of $1 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement, (iii) the date on which we have, during the previous 3-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed a large accelerated filer as defined under the federal securities laws.

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USE OF PROCEEDS

Assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, we estimate that we will receive net proceeds from this offering of approximately $ million, after deducting underwriting discounts and other estimated expenses of $ million payable by us. We will not receive any net proceeds from the sale by the selling stockholders of shares in this offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and estimated expenses payable by us. An increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and estimated expenses payable by us, by approximately $ million, assuming the initial public offering price per share remains the same.

We intend to use the net cash proceeds that we receive for general corporate purposes.

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DIVIDEND POLICY

We currently intend to retain all future earnings, if any, for use in the operation of our business and to fund future growth. The decision whether to pay dividends will be made by our Board in light of conditions then existing, including factors such as our financial condition, earnings, available cash, business opportunities, legal requirements, restrictions in our debt agreements and other contracts, and other factors our Board deems relevant.

We are a holding company and have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries, Holdings and EVERTEC, LLC, whose ability to make any payments to us will depend upon many factors, including their operating results and cash flows. In addition, the senior secured credit facilities and the indenture governing the notes limit EVERTEC, LLC s ability to pay distributions on its equity interests. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Contractual Obligations and Commitments and Description of Certain Indebtedness.

We paid a special dividend to our stockholders on May 9, 2012 in the aggregate amount of approximately $270.0 million. This dividend was financed with net proceeds from a $170.0 million incremental term loan entered into by EVERTEC, LLC and an offering of $40.0 million of 11% senior notes due 2018, together with cash on hand. In addition, on December 18, 2012 we paid a special dividend to our stockholders and authorized an equitable adjustment to holders of vested options as discussed below in the aggregate amount of approximately $50.3 million. This dividend and equitable adjustment was financed primarily with cash on hand at EVERTEC, LLC. In the case of stockholders who held restricted shares at the time of such dividend, the per share dividend amount was paid or is payable in accordance with the terms and conditions of the applicable restricted stock award agreement. The equitable adjustment was effective on December 18, 2012 and was paid (in the case of options that had vested at such time) or is payable as such options vest (in the case of options that were outstanding at such time but will vest in the future) in the form of a one-time cash bonus to holders of such options for shares of our common stock in the amount of $1.37 per share. In the case of options that had vested as of December 18, 2012, the equitable adjustment was paid on December 21, 2012 and in the case of unvested options will be paid in the future as the options vest, subject to our ability at such time to comply with our debt agreements and applicable law. We have not otherwise paid any dividends on our capital stock since the Merger.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2012:

(1) On an actual basis; and

(2) On an as adjusted basis giving further effect to our sale of shares of common stock in this offering at an assumed offering price of $, which is the midpoint of the range listed on the cover page of this prospectus.

You should read this table in conjunction with Selected Historical Consolidated and Combined Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and the related notes appearing elsewhere in this prospectus, as well as the sections Summary Summary Historical Consolidated and Combined Financial Data and Use of Proceeds included in this prospectus.

	December 31, 2012	
(In thousands)	**Actual**	**As Adjusted(1) (unaudited)**
Cash	$ 25,634	$
Debt:		
Senior secured credit facilities		
Senior secured revolving credit facility(2)	$	$
Senior secured term loan facility(3)	495,023	
11% senior notes(3)	250,500	
Total debt, including current portion	745,523	
Total equity	122,455	
Total capitalization	$ 867,978	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) cash and total capitalization by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and estimated expenses payable by us.

(2) We had borrowing availability of $35.3 million under the revolving credit facility (after giving effect to $14.0 million of outstanding short-term borrowings and $0.7 million of outstanding letters of credit). See Description of Certain Indebtedness Senior Secured Credit Facilities.

(3) Actual amount does not give effect to original issue discount or premium. See Use of Proceeds.

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DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the common stock to be sold in this offering exceeds the net tangible book value (deficit) per share of common stock after the offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date. There will be shares of our common stock reserved for future awards under the Equity Incentive Plans as of the consummation of this offering.

Our net tangible book deficit as of December 31, 2012 was $ million, or $ per share. After giving effect to the receipt of approximately $ million of estimated net proceeds from our sale of shares of common stock in this offering at an assumed offering price of $ per share, which represents the midpoint of the range set forth on the front cover of this prospectus, our as adjusted net tangible book deficit as of December 31, 2012 would have been approximately $ million, or $ per share. This represents an immediate decrease in our net tangible book deficit of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of common stock in the offering. The following table illustrates this substantial and immediate per share dilution to new investors:

	Per Share
Assumed initial public offering price per share	$
Net tangible book value (deficit) before the offering	
Increase per share attributable to investors in the offering	
As adjusted net tangible book value (deficit) after the offering	
Dilution per share to new investors	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would decrease (increase) our as adjusted net tangible book value (deficit) by $ million, or $ per share, and increase (decrease) the dilution per share to new investors in this offering by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and estimated expenses payable by us.

The following table summarizes on an as adjusted basis as of December 31, 2012, giving effect to:

the total number of shares of common stock purchased from us;

the total consideration paid to us, assuming an initial public offering price of $ per share (before deducting the estimated underwriting discounts and offering expenses payable by us in connection with this offering); and

the average price per share paid by our existing stockholders and by new investors purchasing shares in this offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%		%	$
Investors in the offering		%		%	
Total	&nb				