

KFORCE INC
Form 4
June 15, 2015

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Mitchell Kye L.

(Last) (First) (Middle)
1001 EAST PALM AVENUE
(Street)

TAMPA, FL 33605

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
KFORCE INC [KFRC]

3. Date of Earliest Transaction (Month/Day/Year)
06/12/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Chief Operations Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	06/12/2015		J ⁽¹⁾	V 446 ⁽²⁾ A \$ 0	91,620 ⁽³⁾	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Mitchell Kye L. 1001 EAST PALM AVENUE TAMPA, FL 33605			Chief Operations Officer	

Signatures

Sara R. Nichols, Attorney-in-Fact for Kye L. Mitchell 06/15/2015

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The transaction is disclosing a dividend that is exempt from reporting under Rule 16a.
On April 24, 2015, the issuer declared a cash dividend of \$0.11 per share of common stock, payable June 26, 2015 to all shareholders of record on June 12, 2015 (the "Dividend"). In accordance with the terms of the Restricted Stock Agreements dated January 2, 2013, January 2, 2014, August 25, 2014 and January 2, 2015, 58, 56, 175 and 157 additional shares of restricted stock were received by the reporting person in connection with the Dividend, respectively. The additional shares of restricted stock will vest as follows: 58 shares in even increments over 3 years beginning January 2, 2016, 56 shares in even increments over 4 years beginning January 2, 2016, 175 shares in even increments over 5 years beginning August 25, 2015 and 157 shares in even increments over 5 years beginning January 2, 2016.
- (3) Includes 91,309 shares of restricted stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. med in order to act as the new parent company of Holdings and its subsidiaries, including EVERTEC, LLC. On April 17, 2012, Holdings was converted from a Puerto Rico corporation to a Puerto Rico limited liability company. Concurrently, EVERTEC, LLC was also converted from a Puerto Rico corporation to a Puerto Rico limited liability company (the Conversion) for the purpose of improving its consolidated tax efficiency of EVERTEC, LLC and its subsidiaries by taking advantage of recent changes to the Puerto Rico Internal Revenue Code of 2011, as amended (the PR Code), that permit limited liability companies to be treated as partnerships that are pass-through entities for Puerto Rico tax purposes. In addition, in connection with the Conversion, EVERTEC, LLC formed a new wholly owned subsidiary, EVERTEC Finance, a corporation organized under the laws of the Commonwealth of

Puerto Rico, to act as co-issuer of the 11% senior notes due 2018.

On April 1, 2013 EVERTEC's Board of Directors declared a two for one stock split of our outstanding Class A and Class B common stock. Accordingly, all shares of outstanding common stock or restricted stock, or shares of common stock underlying outstanding options, and all per share amounts for all periods presented in these consolidated financial statements and notes thereto, have been adjusted retroactively, where applicable, to reflect this stock split. The certificate of amendment to certificate of incorporation, which became effective on April 1, 2013, authorizes EVERTEC to issue 206,000,000 shares of common stock and 2,000,000 shares of preferred stock.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements, prepared in accordance with generally accepted accounting principles in the United States (GAAP), contain all adjustments, all of which are normal and recurring in nature, necessary for a fair presentation.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

Certain prior period balances have been reclassified to conform to the current presentation format which did not have any impact on net income.

A summary of the most significant accounting policies used in preparing the accompanying consolidated and combined financial statements is as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of the Company, which are presented in accordance with GAAP. The Company consolidates all entities that are controlled by ownership of a majority voting interest. All significant intercompany accounts and transactions are eliminated in the consolidated financial statements.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Revenue recognition

The Company's revenue recognition policy follows the guidance from Accounting Standards Codification (ASC) 605-25, *Revenue Recognition - Multiple-Element Arrangements* and Accounting Standards Update (ASU) 2009-13, *Multiple-Deliverable Revenue Arrangements*, which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements. The Company recognizes revenue when the following four criteria are met: (i) evidence of an agreement exists, (ii) delivery and acceptance has occurred or services have been rendered, (iii) the selling price is fixed or determinable, and (iv) collection of the selling price is reasonably assured.

For multiple deliverable arrangements, the Company evaluates each arrangement to determine if the elements or deliverables within the arrangement represent separate units of accounting pursuant to ASC 605-25. If the deliverables are determined to be separate units of accounting, revenues are recognized as units of accounting are delivered and the revenue recognition criteria are met. If the deliverables are not determined to be separate units of accounting, revenues for the delivered services are combined into one unit of accounting and recognized (i) over the life of the arrangement if all services are consistently delivered over such term, or if otherwise, (ii) at the time that all services and deliverables have been delivered. The selling price for each deliverable is based on vendor specific objective evidence (VSOE) if available, third party evidence (TPE) if VSOE is not available, or management best estimate of selling price (BESP) if neither VSOE nor TPE is available. The Company establishes VSOE of selling price using the price charged when the same element is sold separately and bifurcate or allocate the arrangement consideration to each of the deliverables based on the relative selling price of each unit of accounting.

The Company has two main categories of revenues according to the type of transactions it enter into with its customers: (a) transaction-based fees and (b) fixed fees and time and material.

Transaction-based fees

The Company provides services that generate transaction-based fees. Typically transaction-based fees depend on factors such as number of accounts or transactions processed. These factors typically consist of a fee

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

per transaction or item processed, a percentage of dollar volume processed or a fee per account on file, or some combination thereof. Revenues derived from transaction-based fee contracts are recognized when the underlying transactions are processed, which constitutes delivery of service.

Revenues from business contracts in the Merchant Acquiring segment are primarily comprised of discount fees charged to the merchants based on the sales amount of transactions processed. Revenues include a discount fee and membership fees charged to merchants and debit network fees as well as POS rental fees. Pursuant to the guidance from ASC 605-45-45, *Revenue Recognition Principal Agent Considerations*, the Company records merchant acquiring revenues net of interchange and assessments charged by the credit and debit card network associations and recognize such revenues at the time of the sale (when a transaction is processed).

Payment processing revenues are comprised of revenues related to providing access to the ATH network and other card networks to financial institutions, and related services. Payment processing revenues also include revenues from card issuer processing services (such as credit and debit card processing, authorization and settlement, and fraud monitoring and control to debit or credit card issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions) and EBT (which principally consists of services to the Puerto Rico government for the delivery of government benefits to participants). Revenues in the Payment Processing segment are primarily comprised of fees per transaction processed or per account on file, or a combination of both, and are recognized at the time transactions are processed or on a monthly basis for accounts on file.

Transaction-based fee revenues within the Business Solutions segment consist of revenues from business process management solutions including core bank processing, business process outsourcing, item and cash processing, and fulfillment. Transaction-based fee revenues generated by the Company's core bank processing services are derived from fees based on various factors such as the number of accounts on file (e.g., savings or checking accounts, loans, etc.), and the number of transactions processed or registered users (e.g., for online banking services). For services dependent on the number of transactions processed, revenues are recognized as the underlying transactions are processed. For services dependent on the number of users or accounts on file, revenues are recognized on a monthly basis based on the number of accounts on file each month. Item and cash processing revenues are based upon the number of items (e.g., checks) processed and revenues are recognized when the underlying item is processed. Fulfillment services include technical and operational resources for producing and distributing print documents such as statements, bills, checks and benefits summaries.

Fulfillment revenues are based upon the number of pages for printing services and the number of envelopes processed for mailing services. Revenues are recognized as services are delivered based on a fee per page printed or envelope mailed, as applicable.

Fixed fees and time and material

Also the Company provides services that generate a fixed fee per month or fees based on time and expenses incurred. These services are mostly provided in the Company's Business Solutions segment. Revenues are generated from core bank solutions, network hosting and management and IT consulting services.

In core bank solutions, the Company mostly provides access to applications and services such as back-up or recovery, hosting and maintenance that enable a bank to operate the related hosted services accessing the Company's IT infrastructure. These contracts generally contain multiple elements or deliverables which are evaluated by the Company and revenues are recognized according to the applicable guidance. Revenues are derived from fixed fees charged for the use of hosted services and are recognized on a monthly basis as delivered. Set-up fees are billed to the customer when the service is rendered; however, they are deferred and recognized as revenues over the term of the arrangement or the expected period of the customer relationship,

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

whichever is longer, as set-up services rarely provide value to the customer on a stand-alone basis and are interrelated with the service to be provided under the contract.

In network hosting and management, the Company provides hosting services for network infrastructure at the Company's facilities, automated monitoring services, maintenance of call centers, and interactive voice response solutions, among other related services. Revenues are primarily derived from monthly fees as services are delivered. Set-up fees are billed up-front to the customer when the set-up service is rendered; however, they are deferred and recognized as revenues over the term of the arrangement or the expected period of the customer relationship, whichever is longer, as set-up services rarely provide value to the customer on a stand-alone basis and are interrelated with the service to be provided under the contract. There are some arrangements under this line of service category that may contain undelivered elements. In such cases, the undelivered elements are evaluated and recognized when the services are delivered or at the time that all deliverables under the contract have been delivered.

IT consulting services primarily consist of time billings based upon the number of hours dedicated to each client. Revenues from time billings are recognized as services are delivered.

The Company also charges members of the ATH network an annual membership fee; however, these fees are deferred and recognized as revenues on a straight-line basis over the year and recorded in the Payment Processing segment. In addition, occasionally the Company acts as a reseller of hardware and software products and revenues from these resale transactions are recognized when such product is delivered and accepted by the client.

Service level arrangements

The Company's service contracts may include service level arrangements (SLA) generally allowing the customer to receive a credit for part of the service fee when the Company has not provided the agreed level of services. The SLA performance obligation is committed on a monthly basis, thus SLA performance is monitored and assessed for compliance with arrangements on a monthly basis, including determination and accounting for its economic impact, if any.

Investment in Equity Investee

The Company accounts for investments using the equity method of accounting if the investment provides the Company the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of an investor of between 20 percent and 50 percent, although other factors are considered in determining whether the equity method of accounting is appropriate. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net income or losses as they occur. The Company's share of investee earnings or losses is recorded, net of taxes, within earnings in equity method investment caption in the consolidated statements of income and comprehensive income. The Company's consolidated revenues include fees for services provided to an investee accounted under the equity method. Additionally, the Company's interest in the net asset of its equity method investee is reflected in the consolidated balance sheets. On the acquisition of the investment any difference between the cost of the investment and the amount of the underlying equity in net assets of an investee is required to be accounted as if the investee were a consolidated subsidiary. If the difference is assigned to depreciable or amortizable assets or liabilities, then the difference should be amortized or accreted in connection with the equity earnings based on the Company's proportionate share of the investee's net income or loss. If the investor is unable to relate the difference to specific accounts of the investee, the difference should be considered to be goodwill.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

The Company considers whether the fair values of its equity method investment have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company considered any such decline to be other than temporary (based on various factors, including historical financial results, product development activities and the overall health of the investee's industry), then the Company would record a write-down to estimated fair value.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method and expensed over their estimated useful lives. Amortization of leasehold improvements is computed over the terms of the respective leases, including renewal options considered by management to be reasonably assured of being exercised, or the estimated useful lives of the improvements, whichever is shorter. Costs of maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

Impairment on Long-lived Asset

Long-lived assets to be held and used, and long-lived assets to be disposed of, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Capitalization of Software

EVERTEC, LLC develops software that is used in providing processing services to customers. Capitalized software includes purchased software and internally-developed software and is recognized as software packages within the other intangible assets line item in the consolidated balance sheets. Capitalization of internally developed software occurs only after the preliminary project stage is complete and management's estimation that the likelihood of successful development and implementation reaches a provable level. Tasks that are generally capitalized are as follows: (a) system design of a chosen path including software configuration and software interfaces; (b) employee costs directly associated with the internal-use computer software project; (c) software development (coding) and software and system testing and verification; (d) system installation; and (e) enhancements that add function and are considered permanent. These tasks are capitalized and amortized using the straight line method over its estimated useful life, which range from three to five years and is included in depreciation and amortization in the consolidated statements of income and comprehensive income.

The Company capitalizes interest costs incurred in the development of software. The amount of interest capitalized is an allocation of the interest cost incurred during the period required to substantially complete the asset. The interest rate for capitalization purposes is based on a weighted average rate on the Company's outstanding borrowing. For the years ended December 31, 2012 and 2011, interest cost capitalized amounted to approximately \$0.4 million in both periods.

Software and Maintenance Contracts

Software and maintenance contracts are recorded at cost. Amortization of software and maintenance contracts is computed using the straight-line method and expensed over their estimated useful lives which range from one to five years and are recognized in cost of revenues in the consolidated statements of income and comprehensive income.

Software and maintenance contracts are recognized as prepaid expenses and other assets or within other long-term assets depending on their remaining useful lives.

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Notes to Consolidated Financial Statements (Continued)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price and related costs over the value assigned to net assets acquired. Goodwill is not amortized, but is tested for impairment at least annually. Last year, the goodwill impairment test used was a two-step process at each reporting unit level. The first step used to identify potential impairment, compared the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeded its carrying amount, goodwill of the reporting unit was not considered impaired and the second step of the impairment test was unnecessary. If needed, the second step consisted of comparing the implied fair value of the reporting unit with the carrying amount of that goodwill.

In 2012, the Company used a qualitative assessment option or step zero for the goodwill impairment test for all of its reporting units. With this process, the Company first assesses whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the answer is no, then the fair value of the reporting unit does not need to be measured, and step one and step two are bypassed. In assessing the fair value of a reporting unit, which is based on the nature of the business and reporting unit's current and expected financial performance, the Company uses a combination of factors such as general macroeconomic conditions, industry and market conditions, overall financial performance and the entity and reporting unit specific events.

For the years ended December 31, 2012 and 2011, no impairment losses associated with goodwill were recognized.

Other identifiable intangible assets with a definitive useful life are amortized using the straight-line method. These intangibles are evaluated periodically for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the years ended December 31, 2012 and 2011, no impairment losses associated with other intangible assets subject to amortization were recognized.

Other identifiable intangible assets with a definitive useful life acquired in connection with the merger transaction (the Merger) on September 30, 2010, through which EVERTEC Group became a wholly-owned subsidiary of Holdings, which in turn is a subsidiary of EVERTEC, Inc. with affiliates of Apollo and Popular owning approximately 51% and 49%, respectively, of the outstanding voting capital stock of EVERTEC, Inc., include customer relationship, trademark, software packages and non-compete agreement. Customer relationship was valued using the excess earnings method under the income approach. Trademark was valued using the relief-from-royalty method under the income approach. Software packages, which include capitalized software development costs, were recorded at cost. Non-compete agreement was valued based on the estimated impact that theoretical competition would have on revenues and expenses.

Indemnification Assets

Indemnification assets represent the Company's estimates of payments from Popular related to expected losses on services provided to certain common customers of the Company and Popular, and for certain incremental software and license costs expected to be incurred by the Company (see Note 19) during the five years following the Merger date. Indemnification assets are recorded at the fair value of the expected cash flows. The indemnification asset decreases by the payments received from Popular and is subsequently adjusted to reflect the asset at fair value. The fair value adjustment, if any, is included in current period earnings. As of December 31, 2012 and 2011, the Company's indemnification related to the software amounted to \$6.1 million and \$7.1 million, respectively. The current portion of the indemnification assets is included within accounts receivable, net and the other long-term portion is included within other long-term assets in the accompanying consolidated balance sheets. During 2012, the agreement for reimbursement of expected costs with Popular expired. Therefore, no fair value was recorded as of December 31, 2012. As of December 31, 2011, the fair value

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

of indemnification asset related to the reimbursements for services provided to the common customers amounted to \$0.4 million. For the years ended December 31, 2012 and 2011, the Company recorded a gain amounting to \$1.0 million and a loss of \$0.8 million, respectively, related to the reimbursements for services provided to the common customers and a gain of \$33,000 and \$0.5 million, respectively, related to the software.

Derivatives

Derivatives are recognized on the balance sheet at fair value and are designated as either fair value hedge, cash flow hedge or as a free-standing derivative instrument. For a fair value hedge, changes in the fair value of the derivative instrument and changes in the fair value of the hedged asset or liability or of an unrecognized firm commitment attributable to the hedged risk are recorded in current period earnings. For a cash flow hedge, changes in the fair value of the derivative instrument, to the extent that it is effective, are recorded net of taxes in accumulated other comprehensive loss and subsequently reclassified to net income in the same period(s) that the hedged transaction impacts earnings. The ineffective portions of cash flow hedges are immediately recognized in current earnings. For free-standing derivative instruments, changes in fair values are reported in current period earnings. The Company did not have any derivatives outstanding as of December 31, 2012 and 2011.

Income Tax

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of income and comprehensive income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. A deferred tax valuation allowance is established if it is considered more likely than not that all or a portion of the deferred tax asset will not be realized.

All companies within EVERTEC are legal entities which file separate income tax returns.

Cash

Cash includes cash on hand and in banks.

Restricted Cash

Restricted cash represents cash received on deposits from participating institutions of the ATH network that has been segregated for the development of the ATH brand. Also, restricted cash includes certain cash collected from the Ticketpop business and a reserve account for payment and transaction processing services to merchants. The restrictions of these accounts are based on contractual provisions entered into with third parties. This cash is maintained in separate accounts at a financial institution in Puerto Rico.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided for based on the estimated uncollectible amounts of the related receivables. The estimate is primarily based on a review of the current status of specific accounts

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

receivable. Receivables are considered past due if full payment is not received by the contractual date. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars using prevailing rates of exchange at the end of the period. Revenues, expenses, gains and losses are translated using weighted average rates for the period. The resulting foreign currency translation adjustment from operations for which the functional currency is other than the U.S. dollar is reported in accumulated other comprehensive loss, except for highly inflationary environments for which the effects are included in the statement of income and comprehensive income. Gains and losses on transactions denominated in currencies other than the functional currencies are included in determining net income for the period in which exchange rates change.

Share-based Compensation

On September 30, 2010, EVERTEC, Inc.'s board of directors adopted the Carib Holdings, Inc. 2010 Equity Incentive Plan (the "Equity Incentive Plan") to grant stock options, rights to purchase shares, restricted stock units and other stock-based rights to employees, directors, consultants and advisors of the Company. The Company expenses employee stock-based payments under the fair value method. Accounting Standards Codification (ASC) 718, Compensation-Stock Compensation, which requires compensation cost for the fair value of stock-based payment at the date they are granted to be recognized over the requisite service period. The Company estimates the fair value of stock-based awards, on a contemporaneous basis, at the date they are granted using the Black-Sholes-Merton option pricing model for Tranche A options (subject to service conditions) and the Monte Carlo simulation analysis for Tranche B and Tranche C options (subject to certain performance conditions) using the following assumptions: (1) stock price; (2) risk-free rate; (3) expected volatility; (4) expected annual dividend yield and (5) expected term. The risk-free rate is based on the U.S. Constant Maturities Treasury Interest Rate as of the grant date. The expected volatility is based on a combination of historical volatility and implied volatility from publicly traded companies in our industry. The expected annual dividend yield is based on management's expectations of future dividends as of the grant date. The expected term is based on the vesting time of the options.

The fair value of the common stock underlying our awards is determined by EVERTEC, Inc.'s board of directors using an internal valuation. EVERTEC, Inc.'s board of directors intended all grants to be exercisable at a price per share be equal to the per share fair value of our common stock on the date of the grant. In the absence of a public trading market, we estimate the fair value of our common stock based on the financial performance of the Company measured using the adjusted EBITDA, calculated using the most recent quarterly information, and an acquisition multiple that Company believes is representative of the implied market value for the Company.

JOBS Act

We qualifies as an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"), which was signed into law on April 5, 2012. As an emerging growth company under the JOBS Act, EVERTEC is permitted to, and intends to, rely on exemptions from certain reporting and disclosure requirements. Section 107 of the JOBS Act 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, for complying with new or revised accounting standards until those standards would otherwise apply to private companies. However, we has chosen to opt out of such extended transition period, and as a result, we will

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Notes to Consolidated Financial Statements (Continued)

comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. The decision to opt out of the extended transition period is irrevocable.

Note 2 Recent Accounting Pronouncements

ASU No. 2013-03-Financial Instruments (Topic 825). In February 2013, the Financial Accounting Standard Board (FASB) issued ASU No. 2013-03 in order to clarify the scope and applicability of *ASU No. 2011-04-Fair Value Measurement (Topic 820)* to nonpublic entities. Contrary to the stated intent of ASU No. 2011-04 to exempt all nonpublic entities for a particular disclosure, that Update s amendment to Topic 825 suggested that nonpublic entities that have total assets of \$100 million or more or that have one or more derivative instruments would not qualify for the intended exemption.

The amendments clarify that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. The amendments in this Update affect nonpublic entities that have total assets of \$100 million or more or that have one or more derivative instruments. The amendment will be effective upon existence. Management does not expect any effect on the financial statements as a result of this Update.

ASU No. 2013-02-Comprehensive Income (Topic 220). In February 2013, the FASB issued ASU No. 2013-02 in order to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this Update seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is reclassified to a balance sheet account instead of directly to income or expense in the same reporting period.

The amendments in this Update apply to all entities that issue financial statements that are presented in conformity with GAAP and that report items of other comprehensive income. Public companies are required to comply with these amendments for all reporting periods presented, including interim periods. Nonpublic entities are required to comply with all requirements of the amendments for annual reporting periods. Management does not expect any effect on the financial statements as a result of this Update.

Note 3 Cash

At December 31, 2012 and 2011, the Company s cash amounted to \$25.6 million and \$56.2 million, respectively, which is deposited in interest bearing deposit accounts within financial institutions. Cash deposited in an affiliate financial institution amounted to \$12.0 million and \$50.5 million as of December 31, 2012 and 2011, respectively.

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Accounts receivable, net consisted of the following:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Trade	\$ 61,585	\$ 45,868
Due from affiliates, net	18,027	15,591
Other	(7)	346
Less: allowance for doubtful accounts	(984)	(875)
Accounts receivable, net	\$ 78,621	\$ 60,930

Note 5 Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Taxes other than income	\$ 2,204	\$ 2,543
Software licenses and maintenance contracts	7,751	5,967
Prepaid income taxes	5,685	9,732
Postage	754	709
Insurance	1,017	1,104
Deferred project costs	338	647
Other	1,596	824
Prepaid expenses and other assets	\$ 19,345	\$ 21,526

Note 6 Investment in Equity Investee

CONTADO is the largest merchant acquirer and ATM network in the Dominican Republic. The Company uses the equity method of accounting to account for its equity interest in CONTADO. As a result of CONTADO's 19.99% equity interest acquisition in 2011, the Company preliminarily calculated an excess cost of the investment in CONTADO over the amount of underlying equity in net assets of approximately \$9.0 million, which was mainly attributed to customer relationships, trademark and goodwill intangibles. The Company's excess basis allocated to amortizable assets is recognized on a straight-line basis over the lives of the appropriate intangibles. Amortization expense for the years ended December 31, 2012 and 2011 amounted to approximately \$0.4 million and \$0.3 million, respectively, was recorded as earnings of equity method investments in the consolidated statements of income and comprehensive income. The Company recognized \$0.6 million and \$0.8 million as equity in CONTADO's net income, net of amortization, in the consolidated statements of income and comprehensive income for the years ended December 31, 2012 and 2011, respectively. For the years ended December 31, 2012 and 2011, the Company received \$1.6 million and \$1.5 million, respectively in dividends from CONTADO.

CONTADO fiscal year ends December 31 and is reported in the consolidated statements of income and comprehensive income for the period subsequent to the acquisition date on a one month lag. No significant event occurred in these operations subsequent to November 30, 2012 that would have materially affected our reported results.

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

The following tables summarize the financial information of CONTADO:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Balance Sheet		
Current assets	\$ 28,278	\$ 33,249
Noncurrent assets	24,945	26,888
Current liabilities	34,929	41,549
Noncurrent liabilities	3,720	20

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Statement of Income		
Total revenues	\$ 40,567	\$ 36,556
Income from operations	9,515	7,210
Net income	4,637	8,261

Note 7 Property and Equipment, Net

Property and equipment, net consisted of the following:

(Dollar amounts in thousands)	Useful life in years	December 31,	
		2012	2011
Buildings	30	\$ 2,096	\$ 2,091
Data processing equipment	3 - 5	59,901	45,346
Furniture and equipment	3 - 20	6,183	5,912
Leasehold improvements	5 - 10	2,380	1,147
		70,560	54,496
Less accumulated depreciation and amortization		(35,331)	(19,316)
Depreciable assets, net		35,229	35,180
Land		1,508	1,505
Property and equipment, net		\$ 36,737	\$ 36,685

Depreciation and amortization expense related to property and equipment was \$16.4 million for the year ended December 31, 2012 and \$15.3 million for the year ended December 31, 2011.

Note 8 Goodwill

The changes in the carrying amount of goodwill, allocated by reportable segments, were as follows (See Note 21):

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(Dollar amounts in thousands)	Merchant acquiring	Payment processing	Business solutions	Total
Balance at December 31, 2010	\$ 138,121	\$ 187,294	\$ 47,169	\$ 372,584
Foreign currency translation adjustments		(824)	(48)	(872)
Balance at December 31, 2011	138,121	186,470	47,121	371,712
Foreign currency translation adjustments		558	37	595
Balance at December 31, 2012	\$ 138,121	\$ 187,028	\$ 47,158	\$ 372,307

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Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

Goodwill is tested for impairment at least annually. This year the Company used the qualitative assessment option or step zero process for this annual test. Using this process, the Company first assesses whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

During the third quarter of 2012, the Company conducted a qualitative assessment of each reporting unit's fair value as of August 31, 2012. As a starting point, the Company considered the results for our 2011 impairment test, which indicated that the fair value of each reporting unit was in excess of 25% of its carrying amount. The Company also considered financial projections, current market conditions, and any changes in the carrying amount of the reporting units. Based on the results of this qualitative assessment, the Company believes the fair value of goodwill of each of the Company's reporting units continue to exceed their respective carrying amounts and concluded that it was not necessary to conduct the two-step goodwill impairment test. No impairment losses for the period were recognized.

Note 9 Other Intangible Assets

The carrying amount of other intangibles for the years ended December 31, 2012 and 2011 consisted of the following:

(Dollar amounts in thousands)	Useful life in years	December 31, 2012		
		Gross amount	Accumulated amortization	Net carrying amount
Customer relationships	14	\$ 313,726	\$ (50,769)	\$ 262,957
Trademark	10 - 15	39,950	(7,794)	32,156
Software packages	3 - 5	110,478	(50,479)	59,999
Non-compete agreement	15	56,539	(8,481)	48,058
Total other intangible assets, net		\$ 520,693	\$ (117,523)	\$ 403,170

(Dollar amounts in thousands)	Useful life in years	December 31, 2011		
		Gross amount	Accumulated amortization	Net carrying amount
Customer relationships	14	\$ 313,543	\$ (28,372)	\$ 285,171
Trademark	10 - 15	39,950	(4,330)	35,620
Software packages	3 - 5	106,865	(30,569)	76,296
Non-compete agreement	15	56,539	(4,712)	51,827
Total other intangible assets, net		\$ 516,897	\$ (67,983)	\$ 448,914

The estimated amortization expenses of balances outstanding at December 31, 2012 for the next five years are as follows:

(Dollar amounts in thousands)	
Year ended December 31,	
2013	\$ 54,153
2014	48,624
2015	43,336
2016	39,512

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2017

32,198

Amortization expense related to intangibles was \$55.1 million and \$54.6 million for the years ended December 31, 2012 and 2011, respectively. Amortization expense related to software costs was \$25.4 million and \$24.7 million for the years ended December 31, 2012 and 2011, respectively.

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Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)****Note 10 Other Long-Term Assets**

As of December 31, 2012, other long-term assets included \$17.0 million related to deferred debt-issuance costs, \$3.9 million related to the long-term portion of certain indemnification asset (See Note 19) and \$3.6 million related to the long-term portion of certain software and maintenance contracts.

As of December 31, 2011, other long-term assets included \$17.7 million of debt issuance costs and \$5.2 million related to the long-term portion of certain indemnification asset (See Note 19).

Note 11 Debt and Short-Term Borrowings

Total debt consists of the following:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Senior Secured Credit Facility due in September 2016 paying interest at a variable interest rate (London InterBank Offered Rate (LIBOR) plus margin ⁽¹⁾)	\$ 484,414	\$ 313,333
Senior Secured Revolving Credit Facility paying interest at a variable interest rate	14,000	
Senior Notes due on October 1, 2018, paying interest semi-annually at a rate of 11% per annum	252,347	210,500
Other short-term borrowing	12,995	
Total debt	\$ 763,756	\$ 523,833

⁽¹⁾ Subject to a minimum rate (LIBOR floor) of 1.50% at December 31, 2012 and 2011.

Senior Secured Credit Facilities:

In connection with the Merger, on September 30, 2010, EVERTEC, LLC entered into senior secured credit facilities consisting of a \$355.0 million six-year term loan facility and a \$50.0 million five-year revolving credit facility (Credit Agreement).

EVERTEC, LLC's term loan facility provides for quarterly amortization payments totaling 1% per annum of the original principal amount of the term loan facility, with the balance payable on the final maturity date. Mandatory prepayment obligations also include, subject to expectations:

100% of the net cash proceeds of asset sales, dispositions and casualty or insurance proceeds, subject to certain exceptions and customary reinvestment provisions;

50% of the Company's excess cash flows, which is defined in the Credit Agreement, with such percentage subject to reduction to 25% or 0% based on achievement of specified first lien secured leverage ratios; and

100% of the net cash proceeds received from issuances of certain debt incurred after the closing of the Merger.

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If the senior secured leverage ratio at year end is equal to or greater than 2.50, a 50% prepayment of the excess cash flow generated must be made. If the senior secured leverage ratio is less than or equal to 2.50 and a greater than 2.00, a 25% prepayment of the excess cash flows is required. If the senior secured leverage ratio is less than or equal to 2.00 no prepayment are necessary.

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Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

The terms of EVERTEC, LLC's senior secured credit facilities allow EVERTEC, LLC to prepay loans and permanently reduce the loan commitments under the senior secured credit facilities at any time, subject to the payment of customary LIBOR breakage costs, if any, provided that, in connection with certain refinancing on or prior to the first anniversary of the closing date of the senior secured credit facilities, certain premium is paid.

On March 3, 2011, EVERTEC, LLC entered into a credit agreement amendment concerning its existing senior secured credit facility. The amendment did not modify the term or the size of the facility. Under the amended senior secured credit facility:

- (i) The interest rate margins have been reduced from 5.25% to 4.00% per annum on term loans bearing interest at LIBOR, from 4.25% to 3.00% per annum on term loans bearing interest at an alternate base rate (ABR), from 5.25% to 3.75% per annum on revolving loans bearing interest at LIBOR, and from 4.25% to 2.75% per annum on revolving loans bearing interest at an ABR;
- (ii) The LIBOR floor has been decreased from 1.75% to 1.50% per annum and the ABR floor has been reduced from 2.75% to 2.50% per annum; and

(iii) The incremental facility under the existing credit agreement has been increased from \$115.0 million to the greater of \$125.0 million and the maximum principal amount of debt that would not cause EVERTEC's senior secured leverage ratio to exceed 3.25 to 1.00. The amendment also modified certain restrictive covenants in the existing senior credit agreement to provide the Company generally with additional flexibility. Among other things, the amendment modified certain financial performance covenants. In connection with the amendment, the Company was required to pay a call premium of \$3.5 million.

The Company evaluated this amendment of the senior credit facility under ASC 470-50, *Debtor's Accounting for a Modification or Exchange of Debt Instruments*, and determined that most of these syndicated borrowings were modified. Accordingly, \$3.4 million of prepayment penalties for the modified debts was capitalized and accounted for as an adjustment to interest expense over the remaining term of the debt using the interest method, and \$0.2 million of prepayment penalties for the extinguished debts that was recorded in the other expenses caption in the consolidated statements of income and comprehensive income. In addition, the Company wrote off \$0.6 million of debt issuance costs and \$0.5 million of a debt discount for the extinguished debts. The Company also expensed \$2.1 million of third party fees incurred in connection with the amendment, which was recorded in the other expenses caption in the consolidated statements of income and comprehensive income.

On April 7, 2011, EVERTEC, LLC repaid \$1.7 million of its senior secured term loan using the cash received from Popular in connection with the acquisition of CONTADO as required under the terms of its senior secured credit facility. In addition, on May 4, 2011, EVERTEC, LLC made a voluntary prepayment of \$24.7 million on its senior secured term loan, with no prepayment penalty. As a result of this voluntary prepayment, EVERTEC, LLC has no scheduled quarterly amortization payment obligation until the final lump-sum payment at the maturity date. However, from time to time the Company may make voluntary payments at its discretion.

On May 9, 2012, EVERTEC, LLC entered into an amendment to the agreement governing its senior secured credit facilities to allow, among other things, a restricted dividend payment in an amount not to exceed \$270.0 million and certain adjustments to the financial covenant therein. In addition, EVERTEC, LLC borrowed an additional \$170.0 million under a secured incremental term loan with the same terms as the original.

On August 14, 2012, EVERTEC, LLC achieved a senior secured leverage ratio over 2.25 to 1.00 and as a result the applicable margins on the senior secured credit facility debt increased from 3.75% to 4.00% under the LIBOR option and from 2.75% to 3.00% under the ABR option.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

On August 14, 2012, EVERTEC, LLC achieved a senior secured leverage ratio above 2.50 to 1.00 and as a result the applicable commitment fee for the revolving facility was increased from 0.375% to 0.75% as well as the applicable margins from 3.00% to 3.75% under the LIBOR option and from 2.00% to 2.75% under the ABR option.

As of December 31, 2012, the applicable interest rate for the senior secured term loan under the LIBOR option is 5.50%. This is composed of the applicable LIBOR margin of 4.00% plus the LIBOR floor of 1.50%.

The senior secured leverage ratio was 2.93 at December 31, 2012. As a result of this ratio being higher than 2.50, the Company is required to make a mandatory repayment within the next three months of approximately \$6.1 million.

At December 31, 2012, the aggregate principal amount of the senior secured facility amounted to \$495.0 million.

At December 31, 2012, the outstanding balance and weighted average interest rate of the revolving credit facility amounted to \$14.0 million and 6%, respectively. This amount was recognized as short-term borrowing in the consolidated balance sheets.

Senior Notes:

In connection with the Merger, on September 30, 2010, EVERTEC, LLC issued \$220.0 million in principal amount of the senior notes in a private placement, which are unsecured. Debt issuance costs to the senior notes are amortized to interest expense over the term of the notes using the effective interest method.

In connection with the initial issuance of senior notes (the old notes), EVERTEC, LLC entered into a registration rights agreement with the initial purchasers which provided that an exchange offer of the old notes for new registered notes be consummated no later than 366 calendar days after the original issue date of the old notes. The exchange offer registration statement was declared effective on August 2, 2011 and the exchange offer was consummated on September 14, 2011. The terms of the new registered notes (the Notes) are identical in all material respects to the terms of the old notes, except for the elimination of the transfer restrictions and related rights. All outstanding original senior notes were validly tendered and exchanged for substantially similar notes which have been registered under the Securities Act of 1933.

As part of the Company liquidity management plan, on November 18, 2011 EVERTEC, LLC purchased in the open market \$9.5 million aggregate principal amount of its Notes. The premium paid of \$0.2 million and the deferred financing costs of \$0.3 million were accounted for as interest expense. On the settlement date, the Notes were cancelled. As a result of this purchase, the Notes outstanding balance as of December 31, 2011 amounted to \$210.5 million.

On May 4, 2012, EVERTEC, LLC and EVERTEC Finance obtained the requisite consents from holders of at least a majority of the aggregate principal amount of all outstanding Notes as of the record date April 27, 2012, pursuant to their previously announced consent solicitation to provide for additional dividend capacity. As a result, on May 7, 2012, EVERTEC, LLC, EVERTEC Finance, certain subsidiaries of EVERTEC, LLC and the Trustee executed Supplemental Indenture No. 3 to the indenture to provide EVERTEC, LLC with additional dividend capacity of up to \$270.0 million.

On May 7, 2012, EVERTEC, LLC and EVERTEC Finance, as co-issuers, issued \$40.0 million aggregate principal amount of 11% senior notes due 2018 (the New Notes) under the indenture pursuant to which \$220.0 million aggregate principal amount of 11% senior notes due 2018 were originally issued on September 30, 2010

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

and \$210.5 million principal amount were outstanding as of December 31, 2011 (the Existing Notes). The New Notes were issued pursuant to Supplemental Indenture No. 2 to the indenture and were treated as a single class under the indenture with the Existing Notes.

On May 9, 2012, the Company used the net proceeds from the incremental term loan described above and the New Notes, together with cash on hand, to pay a cash distribution of \$269.8 million to its stockholders.

The Company incurred \$11.4 million in fees in connection with the issuance of the New Notes and the incremental term loan, of which \$2.2 million was capitalized and will be amortized over the remaining term of the debt.

In connection with the issuance of the New Notes, the Company entered into a registration rights agreement with the initial purchasers which provided that an exchange offer of the New Notes for new registered notes be consummated no later than 366 calendar days after the original issue date of the New Notes. The exchange offer registration statement was declared effective on July 27, 2012 and the exchange offer was consummated on September 10, 2012.

EVERTEC, LLC may redeem some or all of the exchanged notes, in whole or in part, at any time on or after October 1, 2014 on the following redemption dates and at the following redemption prices: 2014 at 105.50%; 2015 at 102.75%; 2016 and thereafter at 100.00%. Also, EVERTEC, LLC may redeem some or all of the notes prior to October 1, 2014 at 100% of their principal amount, together with any accrued and unpaid interest, if any, to the redemption date, plus a make whole premium. EVERTEC, LLC may redeem up to 35% of the notes before October 1, 2013 with the net cash proceeds from certain equity offerings. In addition, EVERTEC, LLC may require to make an offer to purchase the exchanged notes upon the sale of certain assets and upon a change of control.

The senior notes are guaranteed by EVERTEC, LLC's 100% owned subsidiaries.

The senior secured credit facilities and the senior notes contain various restrictive covenants. The secured credit facilities require EVERTEC, LLC to maintain on a quarterly basis a specified maximum senior secured leverage ratio. The senior secured leverage ratio as defined in EVERTEC, LLC's credit facility (total first lien senior secured debt minus available cash, up to a maximum of \$50.0 million, as defined, to adjusted EBITDA) must be less than 3.85 to 1.0 at December 31, 2012. The applicable ratio will be adjusted as required by the credit agreement in subsequent periods. In addition, EVERTEC, LLC's senior secured credit facility, among other things, restrict EVERTEC, LLC ability to incur indebtedness or liens, make investments, declare or pay any dividends to its parent and from prepaying indebtedness that is junior to such debt. The indenture governing the notes, among other things: (a) limit our ability and the ability of EVERTEC, LLC's subsidiaries to incur additional indebtedness, issue certain preferred shares, incur liens, pay dividends or make certain other restricted payments and enter into certain transactions with affiliates; (b) limits EVERTEC, LLC ability to enter into agreements that would restrict the ability of its subsidiaries to pay dividends or make certain payments to us; and (c) places restrictions on EVERTEC, LLC's ability and the ability of its subsidiaries to merge or consolidate with any other person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of its assets. As of December 31, 2012, EVERTEC, LLC was in compliance with the applicable restrictive covenants under its debt agreements.

Other short-term borrowing:

In December 2012, EVERTEC, LLC entered into a financing agreement in the ordinary course of business, to purchase certain software and related services in the amount of \$13.0 million to be repaid in three payments over a term of 10 months.

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)****Note 12 Financial Instruments and Fair Value Measurements***Recurring Fair Value Measurements*

Fair value measurement provisions establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This guidance describes three levels of input that may be used to measure fair value:

Level 1: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Inputs, other than quoted prices included in Level 1, which are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3: Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Company uses observable inputs when available. Fair value is based upon quoted market prices when available. If market prices are not available, the Company may employ internally-developed models that primarily use market-based inputs including yield curves, interest rates, volatilities, and credit curves, among others. The Company limits valuation adjustments to those deemed necessary to ensure that the financial instrument's fair value adequately represents the price that would be received or paid in the marketplace. Valuation adjustments may include consideration of counterparty credit quality and liquidity as well as other criteria. The estimated fair value amounts are subjective in nature and may involve uncertainties and matters of significant judgment for certain financial instruments. Changes in the underlying assumptions used in estimating fair value could affect the results. The fair value measurement levels are not indicative of risk of investment.

The following table summarizes fair value measurements by level at December 31, 2012 and 2011, for assets measured at fair value on a recurring basis:

(Dollar amounts in thousands)	December 31, 2012				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Indemnification assets:								
Software cost reimbursement	\$	\$	\$ 6,099	\$ 6,099	\$	\$	\$ 7,113	\$ 7,113
Expected reimbursement							351	351

The fair value of financial instruments is the amount at which an asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value estimates are made at a specific point in time based on the type of financial instrument and relevant market information. Many of these estimates involve various assumptions and may vary significantly from amounts that could be realized in actual transactions.

For those financial instruments with no quoted market prices available, fair values have been estimated using present value calculations or other valuation techniques, as well as management's best judgment with respect to current economic conditions, including discount rates and estimates of future cash flows.

Indemnification assets include the present value of the expected future cash flows of certain expense reimbursement agreements with Popular. These contracts have termination dates up to September 2015 and were entered into in connection with the Merger. Management prepared estimates of the expected reimbursements to be received from Popular until the termination of the contracts, discounted the estimated future cash flows and recorded the indemnification assets as of the Merger closing date. Payments received during the quarters reduced

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

the indemnification asset balance. The remaining balance was adjusted to reflect its fair value as of December 31, 2012, therefore resulting in a net unrealized gain of approximately \$1.0 million and an unrealized loss of \$0.3 million for the years ended December 31, 2012 and 2011, respectively, which are reflected within the other expenses caption in the consolidated statements of income and comprehensive income. The current portion of the indemnification assets is included within accounts receivable, net and the other long-term portion is included within other long-term assets in the accompanying consolidated balance sheets. See Note 19 for additional information regarding the expense reimbursement agreements.

The unobservable inputs related to the Company's indemnification assets as of December 31, 2012 using the discounted cash flow model include the discount rate of 7.86% and the projected cash flows of \$6.1 million.

For indemnification assets a significant increase or decrease in market rates and cash flows could result in a significant impact to the fair value. Also, the credit rating and/or the non-performance credit risk of Popular, which is subjective in nature, also could increase or decrease the sensitivity of the fair value of these assets.

The following table presents the carrying value, as applicable, and estimated fair values for financial instruments at December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Dollar amounts in thousands)				
Financial assets:				
Indemnification assets				
Software cost reimbursement	\$ 6,099	\$ 6,099	\$ 7,113	\$ 7,113
Expected reimbursements			351	351
Financial liabilities:				
Senior secured term loan	\$ 484,414	\$ 497,498	\$ 313,333	\$ 317,979
Senior notes	252,347	275,550	210,500	213,921

The fair value of senior secured term loan and the senior notes at December 31, 2012 and 2011 were obtained using the prices provided by third party service providers. Their pricing is based on various inputs such as: market quotes, recent trading activity in a non-active market or imputed prices. Also, the pricing may include the use of an algorithm that could take into account movement in the general high yield market, among other variants.

The senior secured term loan and senior notes, which are not measured at fair value in the balance sheet, could be categorized as Level 3 in the fair value hierarchy.

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

The following table provides a summary of the change in fair value of the Company's Level 3 assets:

(Dollar amounts in thousands)	Indemnification Assets	Derivative Assets
Balance December 31, 2010	\$ 14,836	\$ 4,960
Payments received	(7,080)	
Unrealized loss recognized in other expenses	(292)	
Net settlement of derivative		(3,561)
Realized loss on derivative		(1,399)
Balance December 31, 2011	\$ 7,464	\$
Payments received	(2,331)	
Unrealized gain recognized in other expenses	966	
Balance December 31, 2012	\$ 6,099	\$

There were no transfers in or out of Level 3 during the years ended December 31, 2012 and 2011.

Note 13 Equity

The Company is authorized to issue up to 103,000,000 shares of common stock \$0.01 par value per share, including 99,000,000 shares of Class A common stock and 4,000,000 shares of Class B non-voting common stock. At December 31, 2012 and 2011, the Company had 72,776,864 and 72,628,332 shares outstanding of Class A common stock and Class B non-voting common stock, respectively. The Company is also authorized to issue 1,000,000 shares of preferred stock, \$0.01 par value per share. As of December 31, 2012, no shares of preferred stock have been issued.

On December 18, 2012, the Company's board of directors declared a special dividend of approximately \$53.4 million to its stockholders. The Company recorded excess over accumulated earnings of the cash distribution amounting to \$52.4 million as a return of capital reducing additional paid in capital caption in the consolidated balance sheets.

On May 9, 2012, the Company used the net proceeds from the incremental term loan and the New Notes (as described Note 11), together with cash on hand, to pay a special cash dividend of \$269.8 to its stockholders. The Company recorded the excess over accumulated earnings of the cash distribution amounting to \$260.2 million as a return of capital reducing additional paid in capital caption in the consolidated balance sheets.

Note 14 Share-based Compensation*Equity Incentive Plan*

The Equity Incentive Plan was established to grant stock options, rights to purchase shares, restricted stock, restricted stock units and other stock-based rights to employees, directors, consultants and advisors of EVERTEC, LLC. EVERTEC, Inc. reserved 5,843,208 shares of its Class B non-voting common stock for issuance upon exercise and grants of stock options, restricted stock and other equity awards under the Stock Incentive Plan. The maximum option term is ten years from the date of grant. The initial grant of 5,249,140 options was made on February 11, 2011 to certain employees of EVERTEC, LLC. Plan participants have the right to purchase shares of EVERTEC, Inc. Class B non-voting common stock in three tranches: Tranche A options vest in equal installments, Tranche B options vest at such time as the Investor Internal Rate of Return (Investor IRR) equals or exceeds 25% based on cash proceeds received by the Investor, and Tranche C options

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

vest at such time as the investor rate of return equals or exceeds 30%. For purposes of these vesting provisions, the Investor's IRR is the rate of return measured in cash and any securities received by the Investor as a return on its investment in our common stock.

The following table summarizes the nonvested stock options activity for the years ended December 31, 2012 and 2011:

Nonvested stock options	Shares	Weighted-average exercise prices⁽²⁾
Nonvested at December 31, 2010		\$
Granted ⁽¹⁾	5,739,140	1.30
Vested ⁽³⁾⁽⁴⁾	(326,574)	1.30
Forfeitures	(350,592)	1.30
Nonvested at December 31, 2011	5,061,974	\$ 1.30
Granted	1,020,000	4.95
Vested ⁽³⁾⁽⁴⁾	(279,750)	1.30
Forfeitures	(1,230,966)	1.30
Nonvested at December 31, 2012	4,571,258	\$ 2.16

(1) Includes 100,000 of stock options that were not granted under the Equity Incentive Plan, but are subject to certain terms of the Equity Incentive Plan.

(2) Exercise price was retroactively adjusted to reflect the equitable adjustment of \$3.71 per share as discussed below.

(3) Amount of options exercisable as of December 31, 2012 and 2011, respectively. The weighted average remaining contractual term of these options is 7.85 years and 8.75 years as of December 31, 2012 and 2011, respectively.

(4) At December 31, 2012 and 2011, the aggregate intrinsic value amounted to \$1.6 million and \$1.2 million, respectively.

In connection with the cash dividend declared on December 18, 2012, the board of directors of EVERTEC, Inc. approved an equitable adjustment to stock options previously granted as required by the Plan payable in form of a one-time cash bonus to holders of vested options for shares of common stock in the amount of \$0.69 per share, which in the case of vested options was on December 21, 2012 and in the case of unvested options will be paid in the future as the options vest, subject to certain conditions. Accordingly, \$2.8 million was recognized as other long-term liabilities related the accrual of the unvested portion of the stock options.

As a result of the cash dividend, on May 9, 2012, the board of directors of EVERTEC, Inc. approved an equitable adjustment to stock options previously granted as required by its Equity Incentive Plan in order to reduce the exercise price of the outstanding options granted under or subject to the terms of the Plan by \$3.71 per share. This adjustment to the exercise price did not impact the compensation expense recognized by the Company for the year ended December 31, 2012 or the maximum unrecognized cost.

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

Management uses the fair value method of recording stock-based compensation as described in the guidance for stock compensation in ASC topic 718. The fair value of the stock options granted during 2011 and 2012 was estimated using the Black-Scholes-Merton (BSM) option pricing model for Tranche A options granted under the Equity Incentive Plan and the Monte Carlo simulation analysis for Tranche B and Tranche C options, with the following assumptions:

	Years ended December 31,		
	2012	2011	2011
	Stock options granted under the Stock Incentive Plan	Stock options granted under the Stock Incentive Plan	Stock options not granted under the Stock Incentive Plan
Stock Price ⁽¹⁾	\$ 5.19 per share	\$ 1.30 per share	\$ 1.30 per share
Risk-free rate	0.59%	2.14%	2.06%
Expected volatility	31.12%	35.00%	35.00%
Expected annual dividend yield	0.00%	0.00%	0.00%
Expected term	3.87 years	4.60 years	4.49 years

(1) As discussed above, on May 9, 2012 an equitable adjustment to stock options was approved with caused a reduction of \$3.71 per share of the exercise price of the outstanding options. Accordingly, the stock price presented above reflects this equitable adjustment for both periods as applicable.

The risk-free rate is based on the U.S. Constant Maturities Treasury Interest Rate as of the grant date. The expected volatility is based on a combination of historical volatility and implied volatility from public trade companies in our industry. The expected annual dividend yield is based on management's expectations of future dividends as of the grant date. The expected term is based on the vesting time of the options.

The following table summarizes the nonvested restricted shares activity for the years ended December 31, 2012 and 2011:

Nonvested restricted shares	Shares	Weighted-average grant date fair value
Nonvested at December 31, 2010		\$
Granted	160,000	5.00
Vested ⁽¹⁾	(33,884)	5.00
Nonvested at December 31, 2011	126,116	5.00
Granted	29,292	8.54
Vested ⁽¹⁾	(86,128)	5.00
Nonvested at December 31, 2012	69,280	\$ 6.50

(1) At December 31, 2012 and 2011, the aggregate intrinsic value amounted to \$0.2 million and \$0.1 million, respectively. Share-based compensation recognized was as follows:

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(Dollar amounts in thousands)	Year ended December 31,	
	2012	2011
Share-based compensation recognized, net		
Stock options, net of income tax expense of \$62 and \$214	\$ 595	\$ 714
Restricted shares, net of income tax expense of \$47 and \$51	609	170

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

The maximum unrecognized cost for stock options was \$6.7 million as of December 31, 2012, which includes \$1.8 million, \$2.5 million and \$2.4 million related to Tranche A, Tranche B and C options, respectively. The Company did not recognize share-based compensation expense related to Tranche B and C options as vesting was not considered probable. The cost is expected to be recognized over a weighted average period of 3.11 years.

The maximum unrecognized compensation cost for restricted stock was \$0.3 million as of December 31, 2012. The cost is expected to be recognized over a weighted average period of 0.38 years.

Note 15 Employee Benefit Plan

Employee savings and investment plan

EVERTEC, Inc. Puerto Rico Savings and Investment plan was established (the EVERTEC Savings Plan), a defined contribution savings plan qualified under section 1165(e) of the Puerto Rico Internal Revenue Code. Investments in the plan are participant directed, and employer matching contributions are determined based on specific provisions of the EVERTEC Savings Plan. Employees are fully vested in the employer s contributions after five years of service. For the year ended December 31, 2012 and 2011, the costs incurred under the plan amounted to approximately \$0.6 million for both periods.

Note 16 Total Other Expenses

For the year ended December 31, 2012, other expenses primarily comprised of \$8.8 million associated with the issuance of additional debt and \$2.2 million of personnel separation charges, partially offset by \$1.3 related to a gain in foreign exchange transactions of Latin America operations.

For the year ended December 31, 2011, other expenses includes \$14.5 million related to a one-time separation charge of the Voluntary Retirement Program (VRP) offered by the Company to all employees who were at least 50 years of age and with a minimum of 15 years of service by December 31, 2011, \$2.2 million relating to the refinancing of our senior secured credit facilities, \$1.2 million related to a gain in foreign exchange transactions of Latin America operations and a non-recurring and non-cash loss of \$1.2 million from the settlement of the derivatives related to our acquisition of a 19.99% equity interest in CONTADO from Popular.

For the years ended December 31, 2012 and 2011, other expenses also includes a gain of \$1.0 million and a loss of \$0.3 million, respectively, related to the fair value adjustment of certain indemnification assets, software reimbursements and derivative assets only in 2011 (see Note 12).

Note 17 Income Tax

On April 17, 2012, as explained in Note 1, EVERTEC, LLC was converted from a Puerto Rico corporation into a Puerto Rico limited liability company in order to take advantage of recent changes to the PR Code that allow limited liability companies to be treated as partnerships that are pass-through entities for Puerto Rico tax purposes. As a result of the Conversion, EVERTEC, LLC s taxable income from its Puerto Rico operations flows through to its direct parent company and therefore to EVERTEC, Inc.

EVERTEC, LLC, Holdings and EVERTEC, Inc. entered into a Tax Payment Agreement pursuant to which the EVERTEC, LLC is obligated to make certain payments to Holdings or EVERTEC, Inc. for taxable periods or portions thereof occurring on or after April 17, 2012 (the Effective Date). Under the Tax Payment Agreement, EVERTEC, LLC will make payments with respect to any and all taxes (including estimated taxes) imposed under

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

the laws of Puerto Rico, the United States of America and any other jurisdiction or any political (including municipal) subdivision or authority or agency in Puerto Rico, the United States of America or such other jurisdiction, that would have been imposed on EVERTEC, LLC if EVERTEC, LLC had been a corporation for tax purposes of that jurisdiction, together with all interest and penalties with respect thereto (Taxes), reduced by taking into account any applicable net operating losses or other tax attributes of Holdings or EVERTEC, Inc. that reduce Holdings or EVERTEC, Inc.'s taxes in such period. The Tax Payment Agreement provides that the payments thereunder shall not exceed the net amount of Taxes that Holdings and EVERTEC, Inc. actually owe to the appropriate taxing authority for a taxable period. Further, the Tax Payment Agreement provides that if Holdings or EVERTEC, Inc. receives a tax refund attributable to any taxable period or portion thereof occurring on or after the Effective Date, EVERTEC, Inc. shall be required to recalculate the payment for such period required to be made by EVERTEC, LLC to Holdings or EVERTEC, Inc. If the payment, as recalculated, is less than the amount of the payment EVERTEC, LLC already made to Holdings or EVERTEC, Inc. in respect of such period, Holdings or EVERTEC, Inc. shall promptly make a payment to EVERTEC, LLC in the amount of such difference.

The components of income tax benefit consisted of the following:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Current tax provision (benefit)	\$ 6,910	\$ (7,144)
Deferred tax benefit	(66,568)	(22,083)
Income tax benefit	\$ (59,658)	\$ (29,227)

For the year ended December 31, 2011, the Company recognized a reduction in its deferred tax liability of \$27.6 million as a result of the approval in January 2011 of the new Puerto Rico Internal Revenue Code, which provides for a reduction in the statutory tax rates from 39% to 30%.

The Company conducts operations in Puerto Rico and certain countries throughout the Caribbean and Latin America. As a result, the income tax benefit includes the effect of taxes paid to the Puerto Rico government as well as foreign jurisdictions. The following table presents the segregation of income tax benefit based on location of operations:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Current tax provision (benefit)		
Puerto Rico	\$ 4,661	\$ (9,521)
United States	622	385
Foreign countries	1,627	1,992
Total current tax provision (benefit)	\$ 6,910	\$ (7,144)
Deferred tax benefit		
Puerto Rico	\$ (65,822)	\$ (21,479)
United States	(38)	
Foreign countries	(708)	(604)
Total deferred tax benefit	\$ (66,568)	\$ (22,083)

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Taxes payable to foreign countries by EVERTEC's subsidiaries will be paid by such subsidiary and the corresponding liability and expense will be presented in EVERTEC's consolidated financial statements.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

As of December 31, 2012, the Company has reported \$8.3 million of unremitted earnings for foreign subsidiaries in the consolidated statement of income and comprehensive income. The Company had not recognized a deferred tax liability on undistributed earnings for our foreign subsidiaries, because these earnings are intended to be permanently reinvested. The amount of the unrecognized deferred tax liability depends on judgment required to analyze the withholding tax due, the applicable tax law and factual circumstances in effect at the time of any such distributions, therefore, we believe it is not practicable at this time to reliably determine the amount of unrecognized deferred tax liability related to the Company's undistributed earnings. If circumstances change and it becomes apparent that some or all of the undistributed earnings of a subsidiary will be remitted in the next twelve months and income taxes have not been recognized by the parent entity, the parent entity shall accrue as an expense of the current period income taxes attributable to that remittance.

On October 19, 2012, EVERTEC, LLC was granted with an additional tax exemption under the Tax Incentive Act No. 73 of 2008. Under this grant, EVERTEC, LLC will benefit from a preferential income tax rate on industrial development income, as well as from tax exemptions with respect to its municipal and property tax obligations for certain activities derived from its data processing operations in Puerto Rico. The grant has a term of 15 years effective as of January 1, 2012 with respect to income tax obligations and January 1, 2013 with respect to municipal and property tax obligations.

The grant establishes a base taxable income amount with respect to EVERTEC, LLC's industrial development income, which amount will continue to be subject to the ordinary income tax rate under existing law. Applicable taxable income in excess of the established base taxable income amount will be subject to a preferential rate of 4%. The base taxable income amount will be ratably reduced to zero by the fourth taxable year at which point all of EVERTEC, LLC's applicable industrial development income will be taxed at the preferential rate of 4% for the remaining period of the grant. The grant also establishes a 90% exemption on certain real and property taxes and a 60% exemption on municipal taxes, in each case imposed on EVERTEC, LLC. In addition, distributions to stockholders by EVERTEC, Inc. of the industrial development income will not be subject to Puerto Rico tollgate taxes.

The grant contains customary commitments, conditions and representations that EVERTEC, LLC will be required to comply with in order to maintain the grant. The more significant commitments include: (i) maintaining at least 750 employees in EVERTEC, LLC's Puerto Rico data processing operations during 2012 and at least 700 employees for the remaining years of the grant; and (ii) investing at least \$200.0 million in building, machinery, equipment or computer programs to be used in Puerto Rico during the effective term of the grant (to be made in \$50.0 million increments over four year capital investment cycles). Failure to meet the requirements could result, among other things, in reductions in the benefits of the grant or revocation of the grant in its entirety, which could result in EVERTEC, Inc. paying additional taxes or other payments relative to what such parties would be required to pay if the full benefits of the grant are available. In addition, the protection from Puerto Rican tollgate taxes on distributions to stockholders may be lost.

On October 11, 2011, the Puerto Rico Government approved a grant under Tax Incentive Law No. 73 of 2008, retroactively to December 1, 2009. Under this grant, activities derived from consulting and data processing services provided outside Puerto Rico are subject to a preferred rate that declines gradually from 7% to 4% by December 1, 2013. After this date, the rate remains at 4% until its expiration in November 1, 2024. For the years ended December 31, 2012 and 2011, income subject to the exemption amounted to \$1.5 million and \$4.9 million, respectively.

In addition, EVERTEC, LLC has a base tax rate of 7% on income derived from certain development and installation service in excess of a determined income for a 10-year period from January 1, 2008. For the year

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

ended December 31, 2012, the income subject to this exemption amounted to \$0.2 million. No income was subject to the exemption for years prior to 2012 since the income covered by the decree did not exceed the determined base income amount.

The following table presents the components of the Company's deferred tax assets and liabilities:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Deferred tax assets		
Allowance for doubtful accounts	\$ 307	\$ 540
Net operating loss	7,141	10,444
Unfavorable contract liability		211
Other temporary assets	399	909
Total gross deferred tax assets	7,847	12,104
Deferred tax liabilities (DTL)		
Deferred compensation	\$ 768	\$ 2,915
Difference between the assigned values and the tax basis of assets and liabilities recognized in purchase	28,871	90,766
Debt issue cost	2,353	8,513
Other temporary liabilities	(333)	218
Total gross deferred tax liabilities	31,659	102,412
Deferred tax liability, net	\$ (23,812)	\$ (90,308)

Pursuant to the provision of the PR Code, net operating losses can be carried forward for a period of ten taxable years. The net operating loss carried forward outstanding at December 31, 2012 expires in 2020.

Specific tax indemnification obligations were agreed under the Merger Agreement: (i) to the extent EVERTEC has incurred taxes already paid by Popular at or prior to the closing related to the post-closing period, EVERTEC is required to reimburse Popular for these prepaid taxes; and (ii) to the extent EVERTEC has incurred taxes payable after closing related to the pre-closing period, Popular is required to reimburse EVERTEC for such taxes.

The Company recognizes in its financial statements the benefits of tax return positions if it is more likely than not to be sustained on audit based on its technical merits. On a quarterly basis, EVERTEC evaluates its tax positions and revises its estimates accordingly. The Company records accrued interest, if any, to unrecognized tax benefits in income tax expense, while the penalties, if any reported in operating costs and expenses. For the years ended December 31, 2012 and 2011, the Company accrued \$0.2 million and \$0.3 million for potential payment of interest based on an average 10% interest rate, respectively. As of December 31, 2010, the Company had not accrued any amount for potential payment of penalties and interest. At December 31, 2012 and 2011, EVERTEC had a liability for unrecognized tax benefits of \$0.8 million and \$1.5 million, respectively, which, if recognized in the future, would impact EVERTEC's effective tax rate.

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The reconciliation of unrecognized tax benefits, including accrued interest, was as follows:

(Dollar amounts in thousands)	
Balance as of December 31, 2010	\$ 1,222
Accrued estimated interest	281
Balance as of December 31, 2011	1,503
Foreign currency translation adjustment	7
Reversal of tax uncertainties reserve	(707)
Accrued estimated interest	25
Balance as of December 31, 2012	\$ 828

The income tax benefit differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes as a result of the following:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Computed income tax at statutory rates	\$ 5,313	\$ (1,504)
Benefit of net tax-exempt interest income	(13)	(23)
Benefit of net tax-exempt dividend income		(620)
Non taxable loss on settlement of derivative asset		420
Tax expense (benefit) due to a change in estimate	320	(2,416)
Adjustment to DTL due to changes in enacted tax rate and tax grant	(66,423)	(23,813)
Effect of net operating losses in effective tax rate	1,012	
Differences in tax rates due to multiple jurisdictions	720	285
Effect of income subject to tax-exemption grant	(58)	(1,737)
Reversal of tax uncertainties reserve	(707)	
Fair value adjustment of indemnification assets	340	(288)
Tax expense of CONTADO dividend		81
Tax uncertainties reserve		250
Other	(162)	138
Income tax benefit	\$ (59,658)	\$ (29,227)

As of December 31, 2012, the statute of limitations for all tax years prior to 2007 expired for the Company in Puerto Rico, subsequent years are subject to review by the Puerto Rico Treasury Department. For the subsidiaries in Costa Rica the statute of limitations for all tax years prior to 2009 expired and subsequent years are subject to review by their government authorities.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 18 Net Income Per Common Share

The reconciliation of the numerator and the denominator of the earnings per common share is as follows:

(Dollar amounts in thousands, except per share data)	Years ended December 31,	
	2012	2011
Net income	\$ 77,366	\$ 24,214
Weighted average common shares outstanding	72,707,542	72,543,500
Weighted average potential dilutive common shares ⁽¹⁾	3,649,966	710,298
Weighted average common shares outstanding assuming dilution	76,367,508	73,253,798
Net income per common share basic	\$ 1.06	\$ 0.33
Net income per common share diluted	\$ 1.01	\$ 0.33
Pro forma net income per common share basic ⁽²⁾	\$ 0.98	
Pro forma net income per common share diluted ⁽²⁾	\$ 0.94	

(1) Potential common shares consist of common stock issuable under the assumed exercise of stock options and restricted stock awards using the treasury stock method.

(2) Pro forma net income per common share basic and diluted includes 6,250,000 as incremental shares being offered in the initial public offering. These amounts are unaudited.

Note 19 Related Party Transactions

The following table presents the Company's transactions with related parties for each of the period presented below:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Total revenues ⁽¹⁾⁽²⁾	\$ 155,112	\$ 149,670
Selling, general and administrative expenses		
Rent and other fees ⁽³⁾	\$ 11,319	\$ 11,841
Interest earned from and charged by affiliate		
Interest income	\$ 222	\$ 627
Interest expense ⁽⁴⁾	\$ 7,476	\$ 8,440

Other expenses⁽⁵⁾	\$	\$ 1,700
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- (1) As discussed below, all services to Popular, its subsidiaries and affiliates are governed by the Master Services Agreement (MSA) under which EVERTEC, LLC has a contract to provide such services for at least 15 years on an exclusive basis for the duration of the agreement on commercial terms consistent with historical pricing practices among the parties. Total revenues from Popular represent 44% and 46% of total revenues for each of the periods presented above.
- (2) Includes revenues generated from investee accounted for under the equity method (CONTADO) of \$3.7 million and \$2.5 million for the years ended December 31, 2012 and 2011, respectively.
- (3) Includes management fees paid to stockholders amounting to \$3.7 million and \$3.2 million for the years ended December 31, 2012 and 2011, respectively.
- (4) Interest expense for the years ended December 31, 2012 and 2011 is related to interest accrued related to our senior secured term loan and senior notes held by Popular.
- (5) On December 31, 2011, EVERTEC, LLC entered into a (Settlement Agreement) with Popular in order to settle any claims among the parties related to the Closing Statement or the Working Capital True-Up Amount. In accordance with the Settlement Agreement, we made a payment of \$1.7 million to Popular.

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At December 31, 2012 and 2011, the Company had the following balances arising from transactions with related parties:

(Dollar amounts in thousands)	December 31,	
	2012	2011
Cash and restricted cash deposits in affiliated bank	\$ 16,924	\$ 52,613
Indemnification assets from Popular reimbursement ⁽¹⁾		
Accounts receivable	\$ 2,157	\$ 2,553
Other long-term assets	\$ 3,942	\$ 5,212
Liability related to contract with Popular ⁽²⁾		
Accounts payable	\$	\$ 703
Other due to/from affiliates		
Accounts receivable	\$ 19,587	\$ 16,375
Accounts payable	\$ 6,564	\$ 3,036
Long-term debt	\$ 90,186	\$ 90,186

(1) Recorded in connection with (a) reimbursement from Popular regarding services the Company provides to certain customers of Popular at preferential prices and (b) reimbursement from Popular regarding certain software license fees. For the years ended December 31, 2012 and 2011, the Company received \$6.1 million and \$7.1 million, respectively, related to these reimbursements.

(2) Represents contract liability to provide certain services to a customer of Popular that expired on February 2012.

The balance of cash and restricted cash deposits in an affiliated bank was included within the cash and restricted cash line items in the accompanying consolidated balance sheets. Due from affiliates mainly included the amounts outstanding related to processing and information technology services billed to Popular subsidiaries according to the terms of the MSA. This amount was included in the accounts receivable, net in the consolidated balance sheets.

Upon the Merger, Holdings and the Company entered into a consulting agreement whereby the Company agreed to reimburse Apollo and Popular for certain expenses and an annual management fee of the greater of (i) \$2.0 million and (ii) 2% of EVERTEC, LLC EBITDA, in total in exchange for which Holdings and EVERTEC, LLC will receive certain advisory services from Apollo and Popular.

The Company was entitled to receive reimbursements from Popular regarding services the Company provides to certain customers of Popular at a preferential price for a period of approximately 17 months from the closing date of the Merger. As of the Merger date, the Company recorded \$5.6 million as an expected reimbursement asset from Popular at fair value related to this subsidy. The Company also recorded an unfavorable contract liability at fair value of \$10.1 million related to the contract with one of Popular's client. During 2012, the service terms related to those clients expired which caused the elimination of related asset and liability from the consolidated balance sheets. Gains and losses related to the reimbursement asset are included within the other expenses caption in the accompanying consolidated statements of income and comprehensive income. See Note 12.

In addition, the Company is entitled to receive reimbursements from Popular regarding certain software license fees if such amounts exceed certain amounts for a period of five years from the closing date of the Merger. As a result of this agreement, the Company recorded approximately \$11.2 million as a software reimbursement asset at fair value as of the Merger date. At December 31, 2012 and 2011, the current

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portion of said asset of \$2.2 million for both periods is included within the accounts receivable, net caption and the long-

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Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

term portion of \$3.9 million and \$5.2 million, respectively, is included in the other long-term assets caption in the accompanying consolidated balance sheets. Gains and losses related to the asset are included within the other expenses caption in the accompanying consolidated statements of income and comprehensive income. See Note 12.

From time to time, EVERTEC, LLC obtains performance bonds from insurance companies covering the obligations of EVERTEC, LLC under certain contracts. Under the Merger Agreement, Popular is required to, subject to certain exceptions, cause the then outstanding performance bonds to remain outstanding or replace such bonds as needed for five years from the closing date of the Merger. EVERTEC, LLC entered into a reimbursement agreement with Popular to mirror Popular's obligations. As a result, EVERTEC, LLC is required to reimburse Popular for payment of premiums and related charges and indemnification of Popular for certain losses, in case EVERTEC, LLC fails to perform or otherwise satisfy its obligations covered by such performance bonds.

As of December 31, 2012, EVERTEC CR has a credit facility with Popular for \$2.9 million, under which a letter of credit of a similar amount was issued. EVERTEC, LLC entered into a reimbursement agreement with Popular to mirror Popular's obligations. As a result, EVERTEC, LLC is required to indemnify Popular for losses, in case EVERTEC, LLC fails to honor these letters of credit.

Note 20 Commitments and Contingencies

The Company leases certain facilities and equipment under operating leases. Most leases contain renewal options for varying periods. Future minimum rental payments on such operating leases at December 31, 2012 are as follows:

(Dollar amounts in thousands)	Unrelated parties	Related party	Minimum future rentals
2013	\$ 806	\$ 3,858	\$ 4,664
2014	636	3,973	4,609
2015	484	1,001	1,485
2016	314		314
2017 and thereafter	118		118
	\$ 2,358	\$ 8,832	\$ 11,190

Certain lease agreements contain provisions for future rent increases. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is recorded as a deferred rent obligation. Total deferred rent obligation as of December 31, 2012 and 2011 amounted to \$0.3 million and \$0.5 million, respectively, and is included within the accounts receivable, net caption in the accompanying consolidated balance sheets.

Rent expense of office facilities and real estate for the years ended December 31, 2012 and 2011 amounted to \$7.8 million and \$7.9 million, respectively. Also, rent expense for telecommunications and other equipment for the years ended December 31, 2012 and 2011 amounted to \$7.1 million and \$7.7 million, respectively.

In the ordinary course of business, the Company may enter in commercial commitments. As of December 31, 2012, we have an outstanding a letter of credit of \$0.7 million with a maturity of less than three months.

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EVERTEC, Inc.

Notes to Consolidated Financial Statements (Continued)

EVERTEC is a defendant in a number of legal proceedings arising in the ordinary course of business. Based on the opinion of legal counsel, management believes that the final disposition of these matters will not have a material adverse effect on the business, results of operations or financial condition of the Company. The Company has identified certain claims in which a loss may be incurred, but in the aggregate the loss would be minimal. For other claims, where the proceedings are in an initial phase, the Company is unable to estimate the range of possible loss for such legal proceedings. However, the Company at this time believes that any loss related to these latter claims will not be material.

Note 21 Segment Information

The Company operates in three business segments: merchant acquiring, payment processing and business solutions.

The merchant acquiring segment consists of revenues from services that allow merchants to accept electronic methods of payment. In the merchant acquiring segment, revenues include a discount fee and membership fees charged to merchants, debit network fees and rental income from point-of-sale (POS) devices and other equipment, net of credit card interchange and assessment fees charged by credit cards associations (such as VISA or MasterCard) or payment networks. The discount fee is generally a percentage of the transaction value. We also charge merchants for other services that are unrelated to the number of transactions or the transaction value.

The payment processing segment revenues are comprised of revenues related to providing access to the ATH network and other card networks to financial institutions, including related services such as authorization, processing, management and recording of ATM and POS transactions, and ATM management and monitoring. Payment processing revenues also include revenues from card processing services (such as credit and debit card processing, authorization and settlement and fraud monitoring and control to debit or credit issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions) and electronic benefit transfer (EBT) (which principally consist of services to the Puerto Rico government for the delivery of government benefits to participants).

For ATH network and processing services, revenues are primarily driven by the number of transactions processed. Revenues are derived primarily from network fees, transaction switching and processing fees, and the selling and leasing POS devices. For card issuer processing, revenues are primarily dependent upon the number of cardholder accounts on file, transactions and authorizations processed, the number of cards embossed and other processing services. For EBT services, revenues are primarily derived from the number of beneficiaries on file.

In September 2012, the Company renamed the transaction processing segment to payment processing segment. The change of name does not constitute a change in the segment composition.

The business solutions segment consist of revenues from a full suite of business process management solutions in various product areas such as core bank processing, network hosting and management, IT professional services, business process outsourcing, item processing, cash processing, and fulfillment. Core bank processing and network services revenues are derived in part from a recurrent fee and from fees based on the number of accounts on file (i.e. savings or checking accounts, loans, etc) or computer resources utilized. Revenues from other processing services within the business solutions segment are generally volume-based and depend on factors such as the number of accounts processed.

Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

The Company's business segments are organized based on the nature of products and services. The Chief Operating Decision Maker (CODM) reviews their separate financial information to assess performance and to allocate resources.

Management evaluates the operating results of each of its reportable segments based upon revenues and operating income. Segment asset disclosure is not used by the CODM as a measure of segment performance since the segment evaluation is driven by earnings. As such, segment assets are not disclosed in the notes to the accompanying consolidated and combined financial statements.

The following tables set forth information about the Company's operations by its three business segments for the periods indicated:

(Dollar amounts in thousands)	Merchant acquiring, net	Payment processing	Business solutions	Other	Total
Year ended December 31, 2012					
Revenues	\$ 69,591	\$ 116,019	\$ 177,292	\$ (21,218) ⁽¹⁾	\$ 341,684
Income from operations	33,836	53,682	39,845	(47,717) ⁽²⁾	79,646
Year ended December 31, 2011					
Revenues	61,997	105,184	173,434	(19,493) ⁽¹⁾	321,122
Income from operations	30,258	45,031	36,690	(49,464) ⁽²⁾	62,515

(1) Represents the elimination of intersegment revenues for services provided by the payment processing segment to the merchant acquiring segment, and other miscellaneous intersegment revenues.

(2) Represents certain incremental depreciation and amortization expenses generated as a result of the Merger non-recurring compensation and benefits expenses and professional fees.

The reconciliation of income from operations to consolidated net income is as follows:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Segment income from operations		
Merchant acquiring	\$ 33,836	\$ 30,258
Payment processing	53,682	45,031
Business solutions	39,845	36,690
Total segment income from operations	127,363	111,979
Merger related depreciation and amortization and other unallocated expenses ⁽¹⁾	(47,717)	(49,464)
Income from operations	\$ 79,646	\$ 62,515
Interest expense, net	(54,011)	(50,160)
Earnings of equity method investment	564	833
Other expenses	(8,491)	(18,201)
Income tax benefit	59,658	29,227
Net income	\$ 77,366	\$ 24,214

- (1) Represents certain incremental depreciation and amortization expenses generated as a result of the Merger non-recurring compensation and benefits expenses and professional fees.

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Table of Contents**EVERTEC, Inc.****Notes to Consolidated Financial Statements (Continued)**

The geographic segment information below is classified based on the geographic location of the Company's subsidiaries:

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Revenues ⁽¹⁾		
Puerto Rico	\$ 294,479	\$ 281,392
Caribbean	16,280	13,051
Latin America	30,925	26,679
Total revenues	\$ 341,684	\$ 321,122

(1) Revenues are based on subsidiaries' country of domicile.

Major customers

For the years ended December 31, 2012 and 2011, the Company had one major customer which accounted for approximately \$151.4 million or 44% and \$147.1 million or 46%, respectively, of total revenues. See Note 19.

Our next largest customer, the Government of Puerto Rico, consolidating all individual agencies and public corporations, represented 9% and 11% of our total revenues for the years ended December 31, 2012 and 2011, respectively.

Note 22 Subsequent Events

The Company evaluated subsequent events through the date that these audited financial statements were issued. There were no additional subsequent events requiring disclosure, other than the disclosure below.

Sense. On January 1, 2013, Sense Software International Corp. and EVERTEC Group entered into a Plan of Liquidation and Dissolution (the Plan). As a result of this Plan, Sense's assets and liabilities were transferred to EVERTEC Group.

Table of Contents**Schedule I****EVERTEC, Inc.****Condensed Financial Statements****Parent Company Only****Condensed Balance Sheets**

(Dollar amounts in thousands)	December 31,	
	2012	2011
Assets		
Current assets:		
Cash	\$ 557	\$ 2,677
Prepaid expenses and other assets	6,378	
Deferred tax asset	1,396	8,294
Total current assets	8,331	10,971
Investment in subsidiaries, at equity	133,325	353,055
Long-term deferred tax asset		2,150
Other long-term assets	2,847	
Total assets	\$ 144,503	\$ 366,176
Liabilities and stockholders equity		
Current liabilities:		
Accrued liabilities	\$ 1,414	\$
Total current liabilities	1,414	
Long-term deferred tax liability, net	17,787	
Other long-term liabilities	2,847	
Total liabilities	22,048	
Stockholders equity:		
Common stock	728	726
Additional paid-in capital	52,155	363,130
Accumulated earnings	70,414	3,638
Accumulated other comprehensive loss, net of tax of \$0 and \$13	(842)	(1,318)
Total stockholders equity	122,455	366,176
Total liabilities and stockholders equity	\$ 144,503	\$ 366,176

Table of Contents**Condensed Statements of Income and Comprehensive Income**

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Non-operating income (expenses)		
Equity in earnings of subsidiaries	\$ 95,382	\$ 28,004
Interest income	5	37
Other expenses	(374)	
Total non-operating income (expenses)	95,013	28,041
Income before income taxes	95,013	28,041
Income tax expense	17,646	3,827
Net income	77,367	24,214
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	476	(1,176)
Total comprehensive income	\$ 77,843	\$ 23,038

Condensed Statements of Cash Flows

(Dollar amounts in thousands)	Years ended December 31,	
	2012	2011
Cash flows from operating activities	\$ 317,389	\$ 36
Cash flows from financing activities		
Dividends paid	(319,959)	
Issuance of common stock	450	2,641
Net cash (used in) provided by financing activities	(319,509)	2,641
Net (decrease) increase in cash	(2,120)	2,677
Cash at beginning of the period	2,677	
Cash at end of the period	\$ 557	\$ 2,677
Supplemental disclosure of non-cash activities:		
Transfer of prepaid income taxes from subsidiary	\$ 6,719	\$
Liability related to unvested portion of stock options as a result of equitable adjustment (Note 14)	3,151	

On December 18, 2012, the parent company received a cash distribution from Holdings of approximately \$50.3 million and used the proceeds of such distribution to pay a dividend to its stockholders and to pay an equitable adjustment to holders of vested options. The Board approved an equitable adjustment to stock options payable in form of a one-time cash bonus to holders of vested options and in the case of unvested options will be paid as the options vest.

On May 9, 2012, the parent company received a cash distribution from Holdings of approximately \$269.8 million and used the proceeds of such distribution to pay a dividend to its stockholders. The Board approved an equitable adjustment to stock options in order to reduce the exercise price of the outstanding stock options.

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20,000,000 Shares

EVERTEC, Inc.

Common Stock

PROSPECTUS

Goldman, Sachs & Co.

J.P. Morgan

Morgan Stanley

Deutsche Bank Securities

BofA Merrill Lynch

Credit Suisse

UBS Investment Bank

William Blair

**Apollo Global Securities
, 2013**

Popular Securities

Table of Contents**PART II. INFORMATION NOT REQUIRED IN THE PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the estimated fees and expenses, other than underwriting discounts, paid or payable by the registrant in connection with the issuance and distribution of the common stock. All amounts are estimates except for the SEC registration and Financial Industry Regulatory Authority, Inc. filing fees.

SEC registration fee	\$ 76,046
Transfer agent and registrar fees	15,000
Printing and engraving costs	150,000
Legal and accounting fees and expenses	1,000,000
Financial Industry Regulatory Authority, Inc. filing fee	84,128
Miscellaneous	4,826
Total	\$ 1,330,000

Item 14. Indemnification of Directors and Officers

Article 1.02(b)(6) of the Puerto Rico General Corporation Law of 2009, as amended (the "PR-GCL"), provides that a corporation may include in its certificate of incorporation a provision eliminating or limiting the personal liability of the directors or stockholders for breach of a director's fiduciary duty. However, no such provision may eliminate or limit the liability of a director for breaching his duty of loyalty, failing to act in good faith, engaging in intentional misconduct or knowingly violating a law, paying an unlawful dividend or approving an unlawful stock repurchase or redemption or obtaining an improper personal benefit. Section 8.1 of our amended and restated certificate of incorporation contains such a provision.

Article 4.08 of the PR-GCL authorizes a Puerto Rico corporation to indemnify its officers and directors against liabilities arising out of pending or threatened actions, suits or proceedings to which such officers and directors are or may be made parties by reason of being officers or directors. Such rights of indemnification are not exclusive of any other rights to which such officers or directors may be entitled under any by-law, agreement, vote of uninterested stockholders or directors or otherwise.

Article 2.02(n) of the PR-GCL states that every corporation created under the provisions of the PR-GCL shall have the power to reimburse to all directors and officers or former directors and officers the expenses which necessarily or in fact were incurred with respect to the defense in any action, suit or proceeding in which such persons, or any of them, are included as a party or parties for having been directors or officers of one or another corporation, pursuant to and subject to the provisions of Article 4.08 of the PR-GCL described above.

Section 8.2 of our amended and restated certificate of incorporation and Section 8.1 of our amended and restated bylaws provide that our directors, officers, employees and agents shall be indemnified to the fullest extent authorized by the PR-GCL against expenses and certain other liabilities arising out of legal action brought or threatened against them for their conduct on our behalf, provided that each such person acted in good faith and in a manner that he or she deemed to be reasonable and consistent with, and not opposed to, our best interests. Indemnification by us is available in a criminal action only if such person had no reasonable cause to believe that his or her conduct was unlawful.

Section 8.2 of our amended and restated bylaws provides that we will pay expenses incurred in defending any proceeding covered by Section 8.1 of our amended and restated bylaws in advance of the final disposition of such proceeding; provided, that if the PR-GCL requires, we may first require an undertaking by or on behalf of any person covered by Section 8.2 to repay such amounts, if it is ultimately determined that he is not entitled to be indemnified by us.

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Section 8.5 of our amended and restated bylaws provides that we may maintain insurance covering certain liabilities of our officers, directors, employees and agents, whether or not we would have the power or would be required under the PG-GCL to indemnify them against such liabilities. We maintain a directors and officers liability insurance policy.

We have entered into separate indemnification agreements with each of our directors, which are broader than the specific indemnification provisions contained in Puerto Rico law. These indemnification agreements require us, among other things, to indemnify our directors against liabilities that may arise by reason of their status or service as directors. These indemnification agreements also require us to advance any expenses incurred by the directors as a result of any proceeding against them as to which they could be indemnified and to use reasonable efforts to cause our directors to be covered by any of our insurance policies providing insurance for our directors and officers. A director will not be entitled to indemnification by us under such agreements if (a) the director did not act in good faith and in a manner he or she deemed to be reasonable and consistent with, and not opposed to, our best interests or (b) with respect to any criminal action or proceeding, the director had reasonable cause to believe his conduct was unlawful.

Item 15. Recent Sales of Unregistered Securities

Set forth below is certain information regarding securities issued by the registrant during the last three years in transactions that were not registered under the Securities Act of 1933, as amended (the Securities Act), including the consideration, if any, received by the registrant for such issuances.

On April 17, 2012, in connection with its incorporation, the registrant issued 36,753,786 shares of its Class A Common Stock to Apollo and 35,312,462 shares of its Class A Common Stock to Popular in exchange for all of the Apollo s and Popular s right, title and interest in and to their respective shares of common stock of Holdings. In addition, the registrant assumed the 2010 Plan and all of the outstanding equity awards issued thereunder or subject thereto. The registrant also issued 603,680 shares of its Class B Non-Voting Common Stock to certain directors and key employees in exchange for all of such persons right, title and interest in and to their shares of Class B Non-Voting Common Stock of Holdings. In addition, the registrant issued 113,812 restricted shares of Class B Non-Voting Common Stock to Felix Villamil and 29,292 restricted shares of Class B Non-Voting Common Stock to Peter Harrington, which restricted shares remain subject to the terms and conditions set forth in the applicable restricted stock agreements described under Management Executive Compensation .

On August 1, 2012, the registrant issued 33,112 shares of its Class B Non-Voting Common Stock and 300,000 options to purchase shares of its Class B Non-Voting Common Stock to Philip E. Steurer in connection with his appointment as EVERTEC s Executive Vice President and Chief Operating Officer.

On June 26, 2013 and July 1, 2013, certain employees of the Company exercised options to acquire an aggregate of 2,873,571 shares of the Company s common stock, par value \$0.01 per share (the Common Stock), for tax-planning purposes. The options were issued under the registrant s 2010 Equity Incentive Plan at a weighted average strike price of approximately \$2.28 per share. The exercise of the foregoing stock options was accomplished via a cashless exercise, whereby the option holders surrendered the right to receive an aggregate of 793,488 shares of Common Stock in order to cover the exercise price and the statutory tax liability associated with such exercise. The registrant issued an aggregate of 2,080,083 shares of Common Stock as a result of the cashless exercise of the foregoing stock options. No shares were sold by the employees in connection with this transaction. The shares of Common Stock issued remain subject to lock-up agreements entered into by each employee in connection with the registrant s initial public offering.

None of these transactions involved any underwriters or any public offerings. Each of these transactions was exempt from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act or Regulation D or Rule 701 promulgated thereunder, as transactions by an issuer not involving a public offering. With respect

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to each transaction listed above, no general solicitation was made by either the registrant or any person acting on its behalf; the recipient of our securities agreed that the securities would be subject to the standard restrictions applicable to a private placement of securities under applicable state and federal securities laws; and appropriate legends were affixed to the certificates issued in such transactions.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

See the Exhibit Index immediately following the signature page hereto, which is incorporated by reference as if fully set forth herein.

(b) Financial Statement Schedules

All financial statement schedules are omitted because they are inapplicable, not required or the information has been disclosed elsewhere in the financial statements or notes thereto.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in San Juan, Puerto Rico on the 9th day of September 2013.

EVERTEC, INC.

By: /s/ Peter Harrington
Peter Harrington
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated below.

Signature	Title	Date
/s/ Peter Harrington Peter Harrington	President, Chief Executive Officer (Principal Executive Officer) and Director	September 9, 2013
/s/ Juan J. Román Juan J. Román	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	September 9, 2013
* Marc E. Becker	Chairman of the Board and Director	September 9, 2013
* Frank G. D Angelo	Director	September 9, 2013
* Jorge Junquera	Director	September 9, 2013
* Teresita Loubriel	Director	September 9, 2013
* Matthew H. Nord	Director	September 9, 2013
* Néstor O. Rivera	Director	September 9, 2013
* Scott I. Ross	Director	September 9, 2013

*

Director

September 9, 2013

Alan H. Schumacher

*By:

/s/ Juan J. Román
Juan J. Román

Attorney-in-Fact

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Exhibit No.	Description
1.1	Form of Underwriting Agreement
2.1	Agreement and Plan of Merger, dated June 30, 2010, by and among Popular, Inc., AP Carib Holdings, Ltd., Carib Acquisitions, Inc. and EVERTEC Group, LLC (incorporated by reference to Exhibit 2.1 of Popular, Inc. s Current Report on Form 8-K filed on July 8, 2010, File No. 001-34084)
2.2	Amendment to the Agreement and Plan of Merger, dated August 5, 2010, by and among Popular, Inc., AP Carib Holdings, Ltd., Carib Acquisition, Inc. and EVERTEC Group, LLC (incorporated by reference to Exhibit 2.2 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
2.3	Second Amendment to the Agreement and Plan of Merger, dated August 8, 2010, by and among Popular, Inc., AP Carib Holdings, Ltd., Carib Acquisition, Inc. and EVERTEC Group, LLC (incorporated by reference to Exhibit 2.1 of Popular, Inc. s Current Report on Form 8-K filed on August 12, 2010, File No. 001-34084)
2.4	Third Amendment to the Agreement and Plan of Merger, dated September 15, 2010, by and among Popular, Inc., AP Carib Holdings, Ltd., Carib Acquisition, Inc. and EVERTEC Group, LLC (incorporated by reference to Exhibit 2.1 of Popular, Inc. s Current Report on Form 8-K filed on September 21, 2010, File No. 001-34084)
2.5	Fourth Amendment to the Agreement and Plan of Merger, dated September 30, 2010, by and among Popular, Inc., AP Carib Holdings, Ltd., Carib Acquisition, Inc. and EVERTEC Group, LLC (incorporated by reference to Exhibit 2.1 of Popular, Inc. s Current Report on Form 8-K filed on October 6, 2010, File No. 001-34084)
2.6	Letter Agreement re: amendment to Merger Agreement, dated as of July 31, 2013, by and among Popular, Inc., EVERTEC Group, LLC (on behalf of itself and as successor in interest to Carib Acquisition, Inc.) and AP Carib Holdings, Ltd. (incorporated by reference to Exhibit 10.2 of EVERTEC, Inc. s Current Report on Form 8-K filed on August 6, 2013, File No. 001-35872)
3.1	Amended and Restated Certificate of Incorporation of EVERTEC, Inc. (incorporated by reference to Exhibit 3.1 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
3.2	Amended and Restated Bylaws of EVERTEC, Inc. (incorporated by reference to Exhibit 3.2 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
4.1	Form of common stock certificate of EVERTEC, Inc. (incorporated by reference to Exhibit 4.9 of EVERTEC, Inc. s Amendment No. 2 to the Registration Statement on Form S-1 filed on March 28, 2013, File No. 333-186487)
4.2	Stockholder Agreement, dated April 17, 2012, among EVERTEC, Inc. and the holders party thereto (incorporated by reference to Exhibit 99.1 of Popular, Inc. s Current Report on Form 8-K filed on April 23, 2012, File No. 001-34084)
4.3	First Amendment to the Stockholder Agreement, dated March 27, 2013, among EVERTEC, Inc. and the holders party thereto (incorporated by reference to Exhibit 4.10 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
4.4	Second Amendment to the Stockholder Agreement, dated June 30, 2013, among EVERTEC, Inc. and the holders party thereto (incorporated by reference to Exhibit 10.1 of EVERTEC, Inc. s Quarterly Report on Form 10-Q filed on August 14, 2013, File No. 001-35872)
5.1	Opinion of Goldman Antonetti & Córdova, LLC re: legality
8.1	Opinion of Akin Gump Strauss Hauer & Feld LLP re: tax matters
8.2	Opinion of Goldman Antonetti & Córdova, LLC re: tax matters

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Exhibit No.	Description
10.1	Credit Agreement, dated April 17, 2013, among EVERTEC Intermediate Holdings, LLC, EVERTEC Group, LLC, the lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent, collateral agent swingline lender and L/C issuer, J.P. Morgan Securities LLC and Goldman Sachs Bank USA, as joint lead arrangers, J.P. Morgan Securities LLC, Goldman Sachs Bank USA, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and Morgan Stanley Senior Funding, Inc., as joint bookrunners, Goldman Sachs Bank USA, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and Morgan Stanley Senior Funding, Inc., as co-syndication agents, and Credit Suisse Securities (USA) LLC and UBS Securities LLC, as co-documentation agents (incorporated by reference to Exhibit 10.1 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.2	Amendment No. 1, dated as of May 14, 2013, to the Credit Agreement, dated as of April 17, 2013, among EVERTEC Intermediate Holdings, LLC, EVERTEC Group, LLC, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 of EVERTEC, Inc. s Quarterly Report on Form 10-Q filed on May 15, 2013, File No. 001-35872)
10.3	Guarantee Agreement, dated as of April 17, 2013, by and among EVERTEC Group, LLC, the loan parties identified on the signature pages thereof and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.4	Collateral Agreement, dated as of April 17, 2013, among EVERTEC Intermediate Holdings, LLC, EVERTEC Group, LLC and each subsidiary of EVERTEC Group, LLC identified therein and JPMorgan Chase Bank, N.A., as collateral agent (incorporated by reference to Exhibit 10.3 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.5	Amended and Restated Master Service Agreement, dated as of September 30, 2010, among Popular, Inc. Banco Popular de Puerto Rico and EVERTEC Group, LLC (incorporated by reference to Exhibit 10.7 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
10.6	Technology Agreement, made and entered into as of September 30, 2010, by and between Popular, Inc. and EVERTEC Group, LLC. (incorporated by reference to Exhibit 99.4 of Popular, Inc. s Current Report on Form 8-K filed on October 6, 2010, File No. 001-34084)
10.7	Amended and Restated Independent Sales Organization Sponsorship and Services Agreement, dated as of September 30, 2010, by and between Banco Popular de Puerto Rico and EVERTEC Group, LLC. (incorporated by reference to Exhibit 10.7 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.8	IP Purchase and Sale Agreement, dated June 30, 2010, by and between Popular, Inc. (and Affiliates and Subsidiaries) and EVERTEC Group, LLC. (incorporated by reference to Exhibit 10.1 of Popular, Inc. s Current Report on Form 8-K filed on July 8, 2010, File. No. 001-34084)
10.9	Consulting Agreement dated as of September 30, 2010, among EVERTEC Intermediate Holdings, LLC, EVERTEC Group, LLC and Apollo Management VII, L.P. (the Apollo Consulting Agreement) (incorporated by reference to Exhibit 10.9 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.10	Consulting Agreement dated as of September 30, 2010, among EVERTEC Intermediate Holdings, LLC, EVERTEC Group, LLC and Popular, Inc. (the Popular Consulting Agreement) (incorporated by reference to Exhibit 10.10 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.11	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Felix M. Villamil Pagani. (incorporated by reference to Exhibit 10.11 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)

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Exhibit No.	Description
10.12	Promissory Note and Forgivable Loan, Stock Pledge Agreement, dated as of September 29, 2010, between EVERTEC Group, LLC and Félix M. Villamil. (incorporated by reference to Exhibit 10.12 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.13	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Luis O. Abreu. (incorporated by reference to Exhibit 10.13 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.14	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Carlos J. Ramírez. (incorporated by reference to Exhibit 10.14 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.15	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Luis G. Alvarado. (incorporated by reference to Exhibit 10.15 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.16	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Jorge R. Hernandez. (incorporated by reference to Exhibit 10.16 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.17	EVERTEC, Inc. Amended and Restated 2010 Equity Incentive Plan. (incorporated by reference to Exhibit 10.3 of Current Report on Form 8-K filed on April 18, 2012, File No. 333-173504)
10.18	Subscription Agreement, dated as of April 5, 2011, by and between EVERTEC Intermediate Holdings, LLC and Thomas M. White 2006 Trust. (incorporated by reference to Exhibit 10.21 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.19	Subscription Agreement, dated as of February 11, 2011, by and between EVERTEC Intermediate Holdings, LLC and Luis O. Abreu. This Agreement is one of six substantially identical subscription agreements and includes a schedule which identifies material details in which each agreement differs from the one that is filed herewith. (incorporated by reference to Exhibit 10.22 of Registration Statement on Form S-4 filed on April 14, 2011, File No. 333-173504)
10.20	Agreement, dated as of June 29, 2011, by and among EVERTEC Group, LLC, EVERTEC Intermediate Holdings, LLC and Luis O. Abreu and Ileana Gonzalez. (incorporated by reference to Exhibit 10.1 of Quarterly Report on Form 10-Q filed on August 15, 2011, File No. 333-173504)
10.21	Employment Agreement, dated as of June 30, 2011, by and between EVERTEC Group, LLC and Juan Jose Román-Jiménez. (incorporated by reference to Exhibit 10.2 of Quarterly Report on Form 10-Q filed on August 15, 2011, File No. 333-173504)
10.22	Subscription Agreement, dated as of June 30, 2011, by and between EVERTEC Intermediate Holdings, LLC and Juan Jose Román-Jiménez. (incorporated by reference to Exhibit 10.3 of Quarterly Report on Form 10-Q filed on August 15, 2011, File No. 333-173504)
10.23	Employment Agreement, dated as of February 22, 2012, by and between EVERTEC Group, LLC and Peter Harrington. (incorporated by reference to Exhibit 10.1 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.24	Subscription Agreement, dated as of February 22, 2012, by and between EVERTEC Intermediate Holdings, LLC and Peter Harrington. (incorporated by reference to Exhibit 10.2 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.25	Amended and Restated Restricted Stock Agreement, dated as of April 17, 2012, by and between EVERTEC, Inc. and Peter Harrington. (incorporated by reference to Exhibit 10.4 of Current Report on Form 8-K filed on April 18, 2012, File No. 333-173504)
10.26	Amended and Restated Restricted Stock Agreement, dated as of April 17, 2012, by and between EVERTEC, Inc. and Felix M. Villamil Pagani. (incorporated by reference to Exhibit 10.5 of Current Report on Form 8-K filed on April 18, 2012, File No. 333-173504)

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Exhibit No.	Description
10.27	Confidential Modification Agreement and General Release, dated as of February 24, 2012, by and between EVERTEC Group, LLC, EVERTEC Intermediate Holdings, LLC, Felix M. Villamil Pagani and Lourdes Duran. (incorporated by reference to Exhibit 10.3 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.28	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Peter Harrington. (incorporated by reference to Exhibit 10.4 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.29	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Felix M. Villamil Pagani. (incorporated by reference to Exhibit 10.5 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.30	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Juan Jose Román-Jimenez. (incorporated by reference to Exhibit 10.6 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.31	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Carlos J. Ramírez. (incorporated by reference to Exhibit 10.7 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.32	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Luis G. Alvarado. (incorporated by reference to Exhibit 10.8 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.33	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Jorge Hernandez (incorporated by reference to Exhibit 10.35 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.34	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Miguel Vizcarrondo. (incorporated by reference to Exhibit 10.9 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.35	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Miguel Vizcarrondo. (incorporated by reference to Exhibit 10.10 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.36	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Nathaniel Lipman. (incorporated by reference to Exhibit 10.11 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.37	EVERTEC, Inc. Amended and Restated Stock Option Agreement, dated as of May 9, 2012, by and between EVERTEC, Inc. and Thomas M. White 2006 Trust. (incorporated by reference to Exhibit 10.12 of Quarterly Report on Form 10-Q filed on May 15, 2012, File No. 333-173504)
10.38	Tax Payment Agreement, dated as of April 17, 2012, by and among EVERTEC, Inc., EVERTEC Intermediate Holdings, LLC and EVERTEC Group, LLC. (incorporated by reference to Exhibit 10.2 of Current Report on Form 8-K filed on April 18, 2012, File No. 333-173504)
10.39	Stock Contribution and Exchange Agreement, dated as of April 17, 2012, by and among EVERTEC Intermediate Holdings, LLC, EVERTEC, Inc., and the holders shares of common stock of EVERTEC Intermediate Holdings, LLC (incorporated by reference to Exhibit 10.41 of EVERTEC, Inc. s Amendment No. 1 to the Registration Statement on Form S-1 filed on March 14, 2013, File No. 333-186487)
10.40	Employment Agreement, dated as of August 1, 2012, by and between EVERTEC Group, LLC and Philip E. Steurer. (incorporated by reference to Exhibit 10.1 of Quarterly Report on Form 10-Q filed on August 14, 2012, File No. 333-173504)

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Exhibit No.	Description
10.41	Stock Option Agreement, dated as of August 1, 2012, by and between EVERTEC, Inc. and Philip E. Steurer. (incorporated by reference to Exhibit 10.2 of Quarterly Report on Form 10-Q filed on August 14, 2012, File No. 333-173504)
10.42	Subscription Agreement, dated as of August 1, 2012, by and between EVERTEC, Inc. and Philip E. Steurer. (incorporated by reference to Exhibit 10.3 of Quarterly Report on Form 10-Q filed on August 14, 2012, File No. 333-173504)
10.43	Termination Agreement for Apollo Consulting Agreement, dated as of April 17, 2013 (incorporated by reference to Exhibit 10.4 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.44	Termination Agreement for Popular Consulting Agreement, dated as of April 17, 2013 (incorporated by reference to Exhibit 10.5 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.45	Satisfaction and Discharge Agreement, dated April 17, 2013, by and among EVERTEC Group, LLC, EVERTEC Finance Corp., and Wilmington Trust, National Association (incorporated by reference to Exhibit 10.6 of EVERTEC, Inc. s Current Report on Form 8-K filed on April 23, 2013, File No. 001-35872)
10.46	Amended and Restated ATH Network Participation Agreement, dated as of September 30, 2010, by and between Banco Popular de Puerto Rico and EVERTEC Group, LLC and service riders related thereto (incorporated by reference to Exhibit 10.48 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.47	ATH Support Agreement, dated as of September 30, 2010, by and between Banco Popular de Puerto Rico and EVERTEC Group, LLC. (incorporated by reference to Exhibit 10.49 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.48	Amended and Restated TicketPop Services Agreement, dated as of September 30, 2010, by and between Banco Popular de Puerto Rico and EVERTEC Group, LLC (incorporated by reference to Exhibit 10.50 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
10.49	Venezuela Transition Service Agreement, dated as of September 29, 2010, among EVERTEC Group, LLC, EVERTEC de Venezuela, C.A. and Popular, Inc. (incorporated by reference to Exhibit 10.51 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
10.50	Rider and Amendment Number 1 to the Venezuela Transition Service Agreement, dated as of July 1, 2011, among EVERTEC Group, LLC, EVERTEC de Venezuela, C.A. and Popular, Inc. (incorporated by reference to Exhibit 10.52 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
10.51	Rider and Amendment Number 2 to the Venezuela Transition Service Agreement, dated as of March 9, 2012, among EVERTEC Group, LLC, EVERTEC de Venezuela, C.A. and Popular, Inc. (incorporated by reference to Exhibit 10.53 of EVERTEC, Inc. s Amendment No. 3 to the Registration Statement on Form S-1 filed on April 2, 2013, File No. 333-186487)
10.52	Virgin Islands Services Agreement, dated as of September 15, 2010, by and between EVERTEC Group, LLC and Banco Popular de Puerto Rico (incorporated by reference to Exhibit 10.54 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.53	Master Lease Agreement, dated as of April 1, 2004, by and between EVERTEC Group, LLC and Banco Popular de Puerto Rico (incorporated by reference to Exhibit 10.55 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)

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Exhibit No.	Description
10.54	First Amendment to Master Lease Agreement, dated as of January 1, 2006, by and between EVERTEC Group, LLC and Banco Popular de Puerto Rico (incorporated by reference to Exhibit 10.56 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.55	Second Amendment to Master Lease Agreement, dated as of April 23, 2010, by and between EVERTEC Group, LLC and Banco Popular de Puerto Rico (incorporated by reference to Exhibit 10.57 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.56	Third Amendment to Master Lease Agreement, dated as of September 30, 2010, by and between EVERTEC Group, LLC and Banco Popular de Puerto Rico (incorporated by reference to Exhibit 10.58 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.57	Employment Agreement, dated as of October 1, 2010, by and between EVERTEC Group, LLC and Miguel Vizcarrondo (incorporated by reference to Exhibit 10.59 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.58	Amendment to Employment Agreement, dated as of February 22, 2012, by and between EVERTEC Group, LLC and Miguel Vizcarrondo (incorporated by reference to Exhibit 10.60 of EVERTEC, Inc. s Registration Statement on Form S-1 filed on February 6, 2013, File No. 333-186487)
10.59	EVERTEC, Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.61 to EVERTEC, Inc. s Amendment No. 1 to the Registration Statement on Form S-1 filed on March 14, 2013, File No. 333-186487)
10.60	Form of Indemnification Agreement among EVERTEC, Inc. and its directors (incorporated by reference to Exhibit 10.62 of EVERTEC, Inc. s Amendment No. 1 to the Registration Statement on Form S-1 filed on March 14, 2013, File No. 333-186487)
10.61	Agreement for Termination of Transition Services Agreement, dated as of July 31, 2013, by and among Popular, Inc., EVERTEC Group, LLC and TARJETAS Y TRANSACCIONES EN RED TRANRED, C.A. (incorporated by reference to Exhibit 10.1 of EVERTEC, Inc. s Current Report on Form 8-K filed on August 6, 2013, File No. 001-35872)
10.62	Resignation Agreement, dated August 1, 2013 and effective as of August 7, 2013, by and between EVERTEC, Inc. and Felix M. Villamil Pagani (incorporated by reference to Exhibit 10.2 of EVERTEC, Inc. s Quarterly Report on Form 10-Q filed on August 14, 2013, File No. 001-35872)
10.63	Amendment to Stock Option Agreement, dated August 1, 2013, by and between EVERTEC, Inc. and Felix M. Villamil Pagani (incorporated by reference to Exhibit 10.3 of EVERTEC, Inc. s Quarterly Report on Form 10-Q filed on August 14, 2013, File No. 001-35872)
21.1*	Subsidiaries of EVERTEC, Inc.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accountants
23.2	Consent of Goldman Antonetti & Córdova, LLC (included in the opinion filed as Exhibit 5.1 to this Registration Statement)
23.3	Consent of Akin Gump Strauss Hauer & Feld, LLP (included in the opinion filed as Exhibit 8.1 to this Registration Statement)
23.4	Consent of Goldman Antonetti & Córdova, LLC (included in the opinion filed as Exhibit 8.2 to this Registration Statement)
24.1*	Powers of Attorney of Directors and Officers of the registrant (included on signature pages to the original Registration Statement)
24.2	Power of Attorney of Frank G. D Angelo

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Exhibit No.	Description
101.INS XBRL**	Instance document
101.SCH XBRL**	Taxonomy Extension Schema
101.CAL XBRL**	Taxonomy Extension Calculation Linkbase
101.DEF XBRL**	Taxonomy Extension Definition Linkbase
101.LAB XBRL**	Taxonomy Extension Label Linkbase
101.PRE XBRL**	Taxonomy Extension Presentation Linkbase

* Previously filed.

** Previously filed. Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed and otherwise are not subject to liability.

Confidential treatment granted as to certain portions, which portions have been provided separately to the Securities and Exchange Commission.